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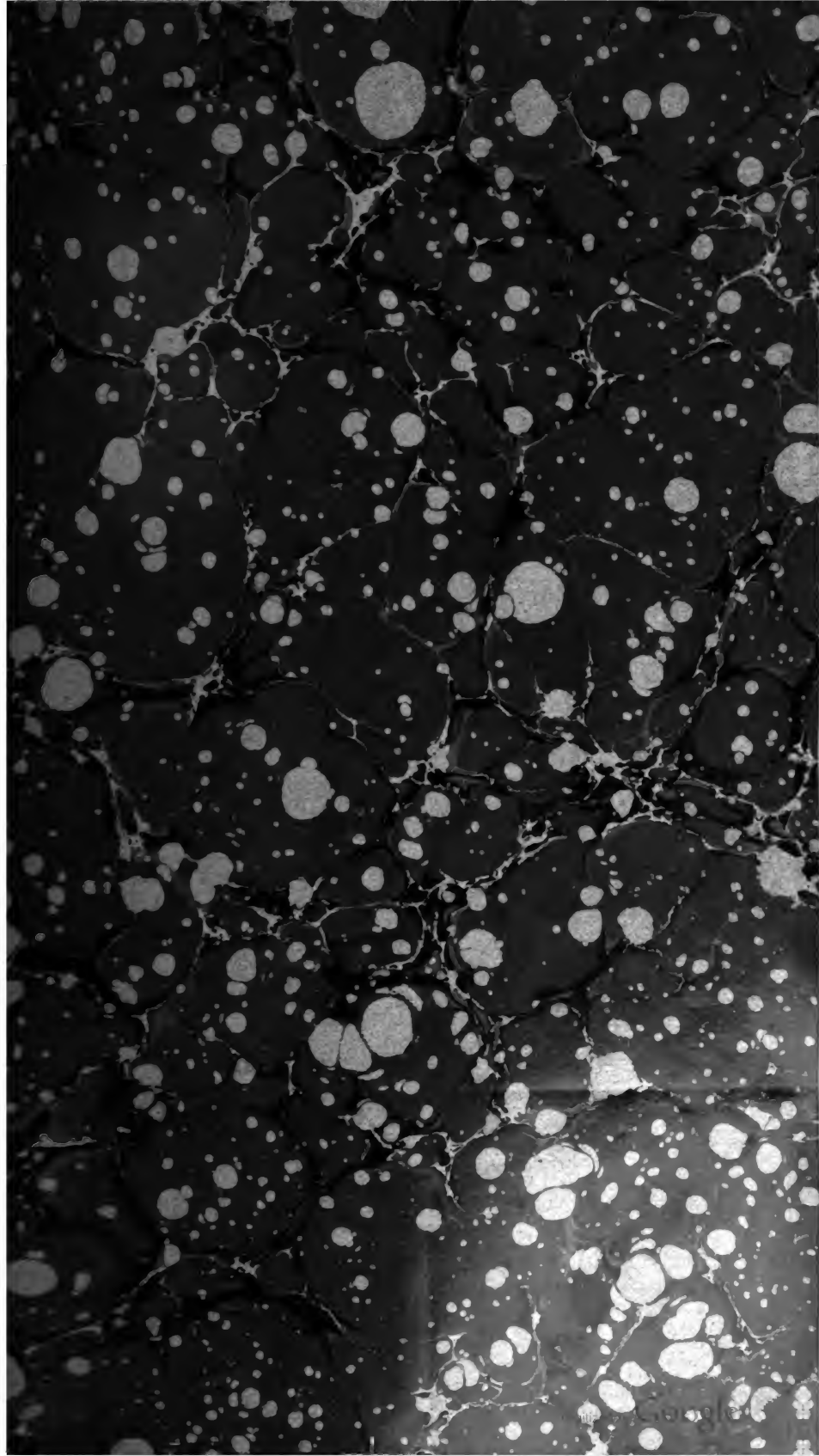
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PUBLICITY IN THE BANKING BUSINESS.

Not long since, it was discovered that the assistant cashier of the National Park Bank was a thief. Newspaper reporters promptly appeared on the scene, and insisted that all the facts pertaining to the matter should be told to them. The directory of the bank did not comply with the request, whereupon several newspapers criticised their conduct. The *New York Times* used the following language. "Whatever may have been the motive of the officers of the Park Bank in withholding from the public all facts connected with the defalcation of their assistant cashier, we think that they must see that it was a mistake, and a very foolish one. The bank is a strong one, and there was no danger of any disturbance of confidence in it by the authorized publication of the actual facts. But the refusal to give these left the field to rumor, conjecture, and gossip. Had the case been much worse than it was, the reasons for frank treatment would have been even stronger. As it was, the directors and acting president gratuitously assumed the position of men who had something to conceal. They may have thought it was none of the public's business, but that was a mistake, for the banks of New York are so closely connected, and the state of the public mind with reference to them is of so much importance, that no one of them can properly regard a considerable defalcation as a purely private matter."

What a bank should do in the way of divulging its affairs to the people is a very important question. No one questioned the financial strength of this bank, so that, whatever was the motive that inspired the conduct of its managers, they did not fear any pecuniary evil from the event. It may be assumed, therefore, that the bank officials, in determining to say nothing through the press concerning the affair, were moved by no thought of the public. In other words, they had nothing to gain or lose in a pecuniary way from giving or withholding knowledge. Their decision, then, doubtless, rested on entirely different grounds, namely, whether the press had any right to ask or to expect to receive such information; and, again, whether it was expedient as a principle to convey such knowledge whenever a request might be made. It will not be questioned that the press in our country, especially where punishment for wrong-doing or rascality is very slow and imperfect, often performs a good service in publishing the evil deeds of criminals, and in exposing them to the scorn and derision of the public. It is a judgment that is greatly dreaded; and we rejoice that this is so. Since execution of the law is so difficult, public condemnation is an effective deterring force; but, of course, as a needful preliminary, the public must know of the offense before condemning the offender. Whenever this is done by the press conscientiously and truthfully, the work is a worthy one; but, on the other hand, it must be said that the daily press is a fearfully inaccurate and imperfect instrument of intelligence, and as a tribunal for executing judgments is consequently faulty. Twenty-four hours is a short time for making investigations and writing criticisms, and printing and delivering them to the public. The period is quite too short for doing any thorough and carefully balanced work. The result is, as we all well know, that much which appears in the newspaper in the way of investigation, is marked with error. In the first place, the reporter who is to make a particular investigation may be quite ignorant of the nature of the work he is to undertake. Or he may have but little interest in it; or he is working against time. He must finish soon enough to get the report in the next morning's issue, for the ever-present fear surrounds him that some other newspaper may get a report to the public sooner, and this feeling, that everything must be done promptly, is, perhaps, the controlling one, to which everything is sacrificed. Probably newspapers in the main have a sincere desire to do their work carefully and to injure no one; and yet, in consequence of the conditions under which their work is done, as above explained, much of their information is so hastily and imperfectly prepared, that the public, perhaps, would be better served if nothing whatever had been published.

Now, bank officers and other business men and institutions well know these things. They know that if information is given to reporters, more likely than otherwise, an imperfect report will be made of their sayings and doings, and thus they will injure themselves or the institutions they represent. These criticisms do not apply so strongly to trade newspapers, for they usually have reporters who are accustomed to their work, and who, in their narrower field, are quite competent to make the investigations, of which accounts are given in these publications. The most defective report is in the general newspaper, in which a reporter may be engaged in investigating some supposed wrong in an insane asylum, or a bank, or a cotton mill, or an iron mill, perhaps, in the same day. He really knows nothing about the nature or rules of either, and yet is sent to collect information from one to the other and to put it together for the printer within a few hours. This short explanation of their fitness and mode of working is enough to condemn it, and to show why an institution like the National Park Bank, for example, should not be particularly desirous of communicating any of its affairs to an ordinary newspaper reporter. Giving him and his newspaper full credit for a desire to report things correctly, the probability is that a wrong impression would be conveyed concerning the nature of the offense, and an injury wrought to all concerned.

Another point is worth mentioning. The press professes to have a great regard for the public welfare, and to assist in discovering wrongs and convicting criminals, and yet one of the essentials of achieving this end, in the beginning, often, is silence. To give the criminal every scrap of information concerning his offense, what the public think about him, and what steps are to be taken against him, is simply to do the utmost to defeat the object the press professes to have in view. Again and again has the press, through much reporting, defeated the ends of justice. In these days, particularly, it has become more and more difficult to run down criminals, because the press is unwittingly aiding them by informing them of whatever is known concerning their misdeeds. What we fear is that newspapers are often trying harder to illustrate their energetic character, in getting what they call news, than in serving the ends of justice. If that occupied a larger space in their vision, we are certain that the early reports concerning the doings of criminals would not be so full nor so numerous as they are now.

We might greatly extend this in the way of showing the errors of newspaper reporting, and of the injuries that result to innocent persons and corporations. The point that we wish to make, however, is, that, as these things are well known, persons

and corporations often desire to have nothing said—not because they are to suffer directly by exposure, but because they fear the consequences of imperfect reporting; that the criminal, perhaps, will learn more than he ought to learn in advance of his trial, and thus pave the way for his escape, or that measures will be thwarted for lessening or averting the consequences of his wrong.

With respect to the rights of newspapers in these matters, we cannot conceive that they have any whatever. Admitting that banks are public institutions, creatures of law, it also prescribes what shall be done in the way of regulation and public inspection. The National Park Bank, for example, is a national institution and the national banking law fully specifies the power of the Controller of the Currency to make examinations and to collect information. We all know that these institutions are examined not infrequently, and reports are made to the Controller, and through him to the public. If the government desires to increase those examinations, or to give the Controller larger powers in dealing with them, Congress has full authority over the matter. But it has not confided the smallest spark of authority to newspapers to investigate and publish. If Congress had supposed that it would be expedient to delegate this business to the press, doubtless that body would have done so. Not having imposed this duty on them, it must be assumed that Congress does not think it wise, whatever the press itself may think, to have investigations conducted by them.

It will not do, therefore, for newspapers to assume that whenever a bank or individual declines to give the information they desire, that injury will result to the bank or the institution by withholding it. Nothing of the kind. A thousand reasons, of which we have stated a few, may exist in the mind of a bank for withholding such information. Suppose in this very case the bank had desired to do its utmost to find the guilty assistant cashier, and to have him arrested, and tried and convicted. Would not the giving of the intelligence desired by the newspaper, as above explained, have been the very means of putting him in the way of securing his escape? May not the bank, in desiring to withhold this intelligence, have been moved by this motive, the securing of his arrest and punishment? And supposing this was the case, can a newspaper truthfully say that the bank or the public is likely to suffer by the withholding of such intelligence? Certainly not.

Finally, who are the public that are interested? Are they not the depositors and the stockholders? Does a newspaper have a truer and deeper interest in the welfare of a bank and its customers, than the institution itself? This is the assumption that

underlies the statement above quoted, but we do not think it is true. The more rational one is that bank officers know what they are doing; that they are acting for the best interests of their customers; and if they supposed that the interests of their bank could be best served by blazing abroad all the particulars concerning a defalcation, doubtless, they would do so. In doing otherwise, managers doubtless believe they are acting the most wisely for all interests committed to their care, and it seems to us that their judgment ought to be regarded as conclusive in the matter.

Of course, it will be admitted that again and again crimes are never brought to light which should be exposed. Admitting this to be true, we do not think that there is any particular duty on the part of the newspaper to perform in this direction. If persons and corporations are guilty of withholding evidence against criminals, of condoning crimes which should be brought to light and punished, such guilty persons or corporations should suffer as the law directs; it is not the proper province of newspapers to institute investigations or condemn. Let them insist on the execution of the law; let them report whatever is of a truly public nature, and then their work is done. Should the people desire to have the press go further and to make investigations for them, nothing would be easier than to give them, through proper methods, the authority needful to do this work.

Sequel to the Glasgow Bank Failure.—Ten years ago this institution suspended payment, and the unfortunate stockholders were required to settle its liabilities. The call on every hundred pounds of stock amounted to £3,000. Some of these shareholders could ill afford to pay the demands made of them, and a special fund of \$1,935,000 was subscribed to relieve them. The creditors were paid in full by the shareholders, and the fund above mentioned was applied to the purpose for which it was raised. This has been admirably administered, and nearly eighty-three per cent. of the loans have been repaid. About \$500,000 are on hand, which the administrators propose to spend in purchasing annuities for one hundred and seventeen persons, chiefly widows and helpless persons. One of the pleasant features of the administration of this trust is that only a small sum has been expended in managing it; less, indeed, than £1,000 a year. Scotchmen may well point to this instance of practical sympathy and honest administration.

A REVIEW OF FINANCE AND BUSINESS.

EFFECTS OF FAVORABLE WEATHER CONDITIONS IN JUNE.

There has been a general improvement in business conditions during the month of June, which has been one of the most favorable for crops possible, after the long, wet and backward spring. Hot, dry and forcing weather was just what was wanted to overcome the effects of a late cold seed time; and, with the exception of winter wheat, which received its injury from the drought of last fall and the killing of last winter, the crops have made rapid recovery of their lost ground in May, during the past month. With seasonable weather from now till harvest, we will have a good average crop year. Great Britain has also enjoyed brilliant crop weather, which has nearly made up for its late spring. But the Continent of Europe has not fared as well, especially France, and those countries are already importing more wheat and corn from the United States in consequence. But these improved crop conditions have not yet been felt upon general business, which has remained very slow and unsatisfactory, except in a few specialties affected by the warm weather, which has stimulated trade in summer goods. This latter, however, has been scarcely perceptible in its influence upon the business situation. Indeed, there have been more complaints and more failures have occurred the past month than in May. These, however, are the natural effects of causes dating back earlier in the year, and fully explained in previous reviews, and it is too soon to look for the improved crop prospects to effect general business conditions.

WHY BUSINESS CONTINUES SO DULL.

The crops will not begin to mature under sixty days, excepting winter wheat, and oats and hay. The former is a much shorter crop than last year's, even, and hence no gain to general business can be expected from its movement. The oat and hay crops go so largely into home consumption, that their movement will not be felt at once in other branches of trade, excepting the transportation. The latter will soon improve on the movement of these three crops, though it may be smaller than usual during the summer months. The balance of last year's crops is now mostly at points of accumulation, from which it is being moved by unusually cheap inland water transportation, owing to the dullness in the Lake iron ore trade, which has driven the iron ore fleet into the grain trade; which, being less than usual, has forced water freights to an abnormally low point. As the crop surplus

was brought to these points of accumulation during the first half of the crop year, and, as the railroads are getting less than their usual proportion of the seaboard movement from those points, this year, owing to the abundance of lake tonnage, it is plain why all business dependent upon these interests continues so dull.

WHY RAILROAD EARNINGS AND THE IRON TRADE ARE SO SMALL.

This, together with the short crops of last year, shows why railroad earnings have been no larger during the past two months. This was no surprise, but was pointed out in this article last fall as the inevitable result of short crops, whose effects are not seriously felt during the first half of a crop year, because the necessities of the farmers on poor crops compel them to sell a greater percentage of their surplus than usual, and to sell it earlier.

This also explains the stagnation in the iron trade, in part, as the light traffic of the railroads requires no new rolling stock when the old is not fully employed, and when small earnings lead them to cut off all improvements and repairs not absolutely needed, as shown in our last, in the case of one of the financially strongest systems in the country, the Pennsylvania. It is true, there is less railroad building this year than last, but the lack of this renewal of business is the chief cause of the depression in the iron trade, which in turn curtails the demand for coal, though the increased Western requirements this year have in part offset this loss of the coal trade in the East so far.

The amount of freight moving has become so small that the express companies have joined with the railroads and each other in their fight on this bone of contention also, and rates on all classes of freight are sadly diminished.

BETTER FALL TRADE PROSPECTS.

But, with the improved crop prospects at home noted above, during the past month, and with continued favorable weather to harvest, general business will soon begin to improve, and it is pretty safe to expect that the railroads and the iron trade will have seen their worst depression in the month of July, if they have not already passed through it. With warm weather there is always an increase of travel which will make up in part for low rates of freight and small tonnage, as the cutting of rates so far this year has been chiefly confined to freight. With the presidential canvass and State elections, there ought to be increased passenger earnings this year, as under the Inter-State law the railroads can find a handy refusal for passes, unless they "take a hand in the canvass" and send out too many of their "employees," as some of them did to the conventions at St. Louis and Chicago, on "business" that did not come under the law, as Inter-State Commerce.

When, therefore, these two great interests, the transportation and iron, together with the agricultural, shall begin to improve, with the new crop movement, which will also stimulate all commercial affairs and financial, and with the more active circulation of money, to handle them, all other industries must follow; when the manufacturing interests of the East, which have been curtailing production, will revive, and the wheels of trade will revolve again with greater regularity as well as velocity. There is, of course, this important "If" we have favorable weather till harvest, between us and this much-to-be-desired realization. But it is a much smaller one than a month ago, when all conditions needed to be favorable to insure fair crops, even. The wonderfully growing weather of June has now put the hay and the oat crop out of danger not only, but virtually secured one of, if not the largest ever raised. The corn acreage planted is also very large, and will offset the loss in wheat acreage and doubtless more, while its condition has caught up half at least of the three weeks' late planting, and it now can withstand some unfavorable conditions. The same is true of spring wheat and cotton.

IMPROVING EXPORT DEMAND.

With good crops, the next essential to better times is good prices therefor, and this latter depends upon the export demand. The prospects on this score have been as discouraging as on that of the crops, until the latter part of June, when the collapse of the Bull movement in Chicago, started in May, on the then prospects of another short crop year, sent prices down about ten points on both wheat and corn, when Europe came in more freely than for months and took these staples, both for the British and Continental markets. This, too, notwithstanding our prices are still about 10 cents per bushel above a year ago on wheat, and as much higher on corn, although lower on the other side for wheat, because of the much lower ocean freight rates. Better export demand, at 10 cents better prices, with better crops as a whole than last year, is by no means improbable; but really more likely than a year ago, with shorter crops and lower prices, when the surplus of the previous four years' over-production the world over had not been used up, and when the reaction towards reduced production had not fully set in.

ONE MONTH MORE OF UNCERTAINTY.

This uncertainty as to crops and demand for them will practically have ended with the month of July, which will have made the cotton and spring wheat crops, and put corn where its outcome can be safely discounted, barring an early frost in August and first half of September, which is among the improbabilities.

By that time fall trade with our wholesale houses will have opened, and with good crop there will be no danger that it will not be a full average, with the prospects good for a big autumn trade after the poor business of last spring.

Therefore, on August first, it is more than likely that the improvement then over the present business conditions will be as great as these are over the conditions of a month ago, though not yet felt, because the effects have not had time to follow the causes above enumerated. The election will then be the only drawback to business, and that grows less and less with each presidential campaign, as no one believes that the country can be "ruined," any more, by change of party or policy, and business men will not wait for such a catastrophe this year.

THE NATION'S ANNUAL BALANCE SHEET.

In this connection, as well as in that of the loss sustained by the terrible weather of the first five months of this year, it is of interest to see what a presidential election, conducted on the old "rule or ruin" basis, costs the country, as well as the weather embargo of last winter and spring, each of which will cover about the same period.

The annual average increment of wealth in the United States from 1870 to 1880, amounted to the enormous sum of \$1,337,000,000. When we consider what the loss of half a year's profits, or even a quarter, takes from 63,000,000 of people, and that it reduces the power of consumption \$21.75 and \$10.87½ respectively, per capita, withdrawing that amount from active circulation, in legitimate business, the wonder is that we have not had a panic in commercial affairs and credits this year with the Tariff agitation superadded to these unfavorable business conditions. Trade is thus shown to have been unusually sound and on a natural and safe, rather than a speculative basis, as it could not otherwise have withstood this prolonged strain upon our reserve resources. Of course this is not a loss of this amount of capital, with which the country began business on the first of last January, but it is a loss in the consuming power of the country, and hence a direct loss in the volume of business done, and in the money put in active circulation.

LOCKOUTS AND CORNERS.

On the last day of the month but one the iron trade of Pittsburgh and the Coffee Exchange of New York were thrown into a state of excitement and demoralization that may prove very serious in results to both interests. The cause in the former case was the final deadlock between the iron manufacturers and their employes,

in regard to the proposed reduction in the scale of wages, which it had been hoped till then might be adjusted by a compromise. In the latter case it was the sudden development of a corner in June coffee in this market, by which the price was forced up from 13 to 21c. in half an hour. It is impossible at this writing to foreshadow the final results in either. But a long, weary lock-out in one, and heavy failures and losses in the other, are among the probabilities.

THE STOCK MARKET.

The above conditions are plainly accountable for the stagnation in railway stocks, most of whose dividends have already been reduced or passed as this article indicated months ago; for while the gross earnings of some roads have kept up because of better passenger traffic at full rates, the operating expenses of most have as largely increased over the same time a year ago as they did during the snow blockades of last winter. How to account for this is difficult, as all roads have curtailed or stopped improvements and renewals that could be put off, and would have swelled expense account, if charged to that instead of construction. The conclusion seems to be gaining, that, as in the case of the Reading Road, whose May statement makes a very bad showing in heavily increased expenses, the extra expenses of last winter's operations and losses of last spring's strikes were then concealed, in order not to frighten stockholders into selling, and prevent some roads floating their big loans on the public, and were carried over to find their way into the expense accounts, when earnings had improved. There appears to be no other explanation that does not involve a worse "cooking" of the accounts and statements of some of these corporations, or a diversion of their funds to influence legislation and public opinion under the cover of expenses.

With this state of uncertainty as to the future, as well as present earnings of railroads and of their financial condition, it is easy to see why the stock market is shunned by the public, and left to dry rot. The managers have only themselves to thank for this state of things, and it may not be long before they will find themselves equally unable to sell their bonds, if it shall be proven that they have been floating them also, on misleading statements of their financial conditions, as well as *net* earnings, which alone show the truth, and not *gross* which are generally reported.

THE BOND AND MONEY MARKET.

The market for bonds has remained active on the continued ease in money at $1\frac{1}{2}$ to 2 per cent. on call, and 3 to 4 on time, stimulated by the anticipation of first of July dividends and in-

terest payments, and by the big railroad loans placed the previous month. The purchases of its own bonds by the Government have been smaller as the offerings were less and the price asked too high with such ease in money, while the occasion of the authority to make these purchases by the Treasury, namely, a tight money market, has not existed. The banks have continued to increase their reserves under these conditions till the latter part of the month when they suddenly and without apparent cause began to lose their reserves by means of increased loans, which, in view of the dullness of stocks and small speculation in everything else, was difficult to account for. Had it been due to reduction of deposits it might have been attributed to the withdrawal of their money by the railroads to meet their dividends and interest due July 1st. Can it be that they have had to borrow of the banks to make up a deficit in their earnings to meet their fixed charges, or to pay unearned dividends?

There appears no other explanation, as no new crops are moving now, and the balance of the old coming forward is seldom smaller. The exports of gold have fallen to a small figure again, as indicated in our last, due to the placing of the bonds of the Baltimore & Ohio and Reading roads on the other side in May, and not to foreign buying of our other railroad securities, or to an increase of exports, which have continued to fall off, even faster than our imports till the last of the month.

THE PRODUCE MARKETS.

These markets have, with the exception of cotton, which has been rather better after the liquidation of the attempted corner, been as dull and depressed during June, as they were excited, active, and higher in May. The cause has been the change from short to good crop prospects, and the liquidation of the Chicago Bulls, who were whipped by the foreign Bears, who have now turned Bulls on poorer crop prospects in Europe, while Chicago has changed over to the Bear side on the better crop outlook here. Our speculators were then wrong, as usual, and beaten by the exporters; and the prospects are good that they will be caught again on the wrong side, as drought in India is endangering the rice crop and keeping back Indian wheat for home wants.

Provisions have followed grain of all kinds, in the smallest home and export, as well as speculative demand on this crop. Trade seems to have been paralyzed, either by over-purchases made earlier in the season, in anticipation of higher prices or of reduced consumption. The English syndicate in Chicago, which held the bulk of the hog products, has been trying to realize, apparently, and has found the market too narrow, and is compelled to hold

on, in face of the break in corn and the prospect of a larger crop this year. The supply of summer hogs is also keeping up better than expected, while Europe is taking less of us than was expected. Other markets are without important features, except that ocean freights, after being greatly depressed, are now improving with better exports.

THE GRAIN CROP PROSPECTS OF THE UNITED STATES.

As the prospects of the growing crops at home and abroad, or of the world's present and prospective food supply and demand, are the largest factors in the business situation, it is the supplying of these necessities of life for man and beast that determine the movements and channels and volume of business, and prices or profits and losses thereon, unless interfered with by political changes or war. The winter wheat crop in this country has, beyond question, been seriously shortened, compared with the last short crop even, after making all due allowance for the exaggerations of the speculators for a rise in wheat, based upon that shortage. The best authorities estimate this at least 70,000,000 bushels less than the crop of 1887, which has not been overcome by an increased acreage sown to spring wheat, because the season has been three weeks later than usual, and the price of wheat too low, even with the late advance of about ten cents per bushel to induce farmers to make unusual exertions in the spring wheat States. This has caused one per cent. reduced acreage in the latter, while there has been about ten per cent. of the winter acreage (which was short of last year's originally) plowed up, where winter killed, and put into oats and corn, which were better paying crops last year than wheat, at the prices that have ruled during the past severe and long winter, which has largely increased our home consumption, and reduced supplies of all kinds of feed.

The prospects are, therefore, that we will have about 75,000,000 less wheat this than last year, while we are equally likely to have a corresponding increase in oats and corn, unless the backward and unseasonable weather of the spring months shall return in the summer or fall, and curtail the extent and yield of the corn crop also, which was planted late in May. We have raised good corn crops planted after June 1st. But conditions must then be uniformly favorable during the summer, followed by a late fall.

OTHER COUNTRIES BEHIND 1887.

In Europe the season has been as backward as here, and reports of serious damage to the wheat crop of Hungary and France, and the rye crop of Germany, were received here during the month, followed by an increased demand from there and England for our spot wheat and corn for export, of which we have had but

little from that source on the present crop. Better conditions exist in the more northern countries of Europe, and fair crops are promised there, while the more southern countries of the Continent suffered also by the cold, wet weather last spring. Even the crop of our own Pacific coast has been somewhat injured, not from too much, but rather from too little rain, and it will require favorable conditions from now till harvest, as it will for all the wheat-growing countries of the Northern Hemispheres of the world, in order to give even fair crops of wheat.

Turning to the Southern Hemispheres of the old and new worlds, we find only fair crops have already been secured, but none of those enormous ones of that era of over-production of grain the world over, ending with last year. Taking the weather conditions and the lateness of the season to date, and the average results of similar conditions in former years, the prospects are that the world's grain crops for 1888 will be less than an average, rather than over, and less than last year's, unless weather conditions for the balance of the crop year are as much better than an average as they have been worse, until the month of June, which was very favorable in Great Britain and the United States. As this prospective shortage will be in other countries, except that in winter wheat, the prospects of a better export demand for our crops is therefore apparent.

FINANCIAL FACTS AND OPINIONS.

Future of the National Banking System.—The New York *Daily Commercial Bulletin* says: "Efforts are being made in several directions to attract a larger share of attention to the important question of the future of the national banking system. It has become apparent that with the continuance of present requirements, and in the absence of some guaranty as to future legislative action, the system cannot continue to expand in proportion to the growing population and increasing requirements of business. The incorporation of new banks has already been checked to an extent that leaves no room for doubt that a critical point in the history of national banking has been reached. As to the requirements of the immediate future, the minor legislation already pending in Congress will perhaps prove adequate, but the day is not far distant when the law-makers must take decisive action to perpetuate the banking system, to modify it in essential respects, or to abandon and destroy it as far as its relations to the Government are concerned." It is clearly apparent that the national banking system,



so far as its vitality depends on national obligations, cannot live much longer. Whether a national banking system, therefore, shall be permanent, depends on two things. First, whether it shall have a currency-issuing function; and secondly, if so, what shall form the basis of such currency. If the national banking system can exist without issuing currency, then, of course, it is simple enough to continue the present system after the bonds have been paid. But if a bank could issue no notes in many of the smaller places in which a bank might be very useful to a community, it could not exist, because there would not be sufficient profit from other sources. In larger cities it is of less consequence; but in many of the smaller places banking would not be sufficiently profitable business to attract capital and talent without the note-issuing function. If this point be conceded, a national banking system can be continued only by adopting a new basis for its circulation. The Controller of the Currency is maturing a plan based on commercial paper and a small cash reserve. This, of course, is nothing more than the plan formerly in existence, and which worked well with some banks and very disastrously with others. In our judgment, a plan far preferable would be the taking of certain securities specified by law, and on these base a circulation, the payment of which should be guaranteed by the Government, and for doing which the bank issuing notes should be taxed. A bank would then pay its tax for a valuable privilege, and would pay it willingly, while its notes would be just as good, and circulate just as readily as those now in use.

Surplus Question.—Mr. Edward Atkinson, in a paper recently contributed to the *Popular Science Monthly*, insists that the proper disposition to make of our surplus is to pay the legal tender notes. He contends that the Government in a true sense has no surplus, as an immediate indebtedness of more than three hundred and fifty millions exists, consisting of legal tender notes. It cannot be questioned, of course, that they are a debt, just like any other notes that a Government or corporation may issue. Nor can it be questioned that if the Government applied every dollar it had to the payment of its matured obligations of one kind or another, there would be anything left. Mr. Atkinson's idea is by no means a new one, and has long been urged by the *New York Times*. It is contended that the law was passed during the war, when there seemed to be no other way of getting money; that the notes were a forced loan, and therefore ought to be discharged at the earliest moment. Mr. Atkinson's language on this point is perhaps worth giving: "The necessity for a forced loan has ceased; the revenue of the Government is in excess of its necessary expenditures. When the

revenue derived from taxation is paid to the Government in its own notes that forced loan, to the amount of such notes paid in, has been liquidated by way of taxation. Each note returned to the Treasury in settlement of a tax becomes like a common bank note when redeemed by the bank; it is a note paid. It is *functus officio*. Its reissue by the Treasury of the United States is, in fact, the collection of a new forced loan without authority of law under any act authorizing such a new loan, without necessity, without benefit to any one, and with positive danger to the whole community." It is certain that the notes having been legalized, Congress and the people are determined to keep them in circulation. We must look in some other direction for using the surplus. We think, however, that we need not look far, for if the present policy of the Secretary of the Treasury be continued, of paying bonds, in a few months it will be depleted to a point so low as to excite no further comment or discussion.

New Bond Issues.—Within a month about fifty millions of American securities have been negotiated in London, consisting chiefly of Baltimore and Ohio, Canadian Pacific and Reading Railroad bonds. These securities were readily taken by English investors. Has not the time come in the accumulation of wealth in this country, when every good loan can be readily absorbed at home? A portion of the Reading loan was offered to investors here, and was taken with quite as much avidity as abroad, and at equally advantageous prices for the company. We have in every sense become a rich nation, holding large amounts for investment purposes. It would seem as though there was as good prospect of negotiating a loan successfully here, possessing real merit, as abroad. If a scheme had doubtful elements in it, negotiators perhaps may go abroad with better hope of raising money, but if a loan is put on the American market possessing a solid bottom, is there not usually money enough, eager for investment, quickly to absorb it? Is not the old practice of going abroad to raise money continued after the necessity for doing so has ceased?

A New Mode of Paying Duties.—When reforms have been effected in trade, manufacturing and other pursuits, the question is asked, Why was not that introduced long before? This remark applies with peculiar emphasis to the mode of paying customs duties. From the beginning, the Government has been quite unwilling to take anything else than coin or its own substitutes therefor. The clumsy and unsafe fashion of making payments in this form of "good money" is an unfit survival of former times. The delays, difficulties and risks involved in moving bags of "good money"

about the streets, and in counting and recounting the same over and over again, are so vexatious, as compared with the direct, simple transfers accomplished in the commercial and financial world, that modification of the old ways has been many times suggested, and has, of late, been receiving increasing attention. But a new system is to be tried in New York. Every morning the banks may deposit with the Assistant Treasurer an amount sufficient to cover the payments of customs duties to be made by their customers during the day. Against this amount the checks drawn by importers and certified according to a prescribed form will be accepted by the Government in payment of duties. The amounts so paid will be deducted from the amount for which the banks have been credited by the Assistant Treasurer in the morning, and balances will be settled through the clearing house, as in other transactions. The necessary forms, which are few and simple, have been approved, but are subject to some minor changes.

Fall in Silver.—Silver of late has fallen to a lower point than ever before. The summary of prices herein given clearly indicates how great is the decline. In the latter part of July, 1886, the English quotation of bar silver was 42 pence per ounce. In September the market was much stronger, and in the latter part of that month the quotation had risen to 45 pence. In January, 1887, the quotation was 47½ pence, but in February and March prices dropped, and by the middle of April 43¼ pence was the price. In February, 1888, the lowest quotation was 44; in March, 43, and in April, 42½. During the month of May the price ruled at 41¼ to 42, dropping at one time to 41¾. This quotation is declared to be the lowest ever recorded in the London market. The decline, however, has been gradual, and has been explained many times. India bills, during the present decline in silver, have gone below the low-water mark of 1886, reaching 16 1-16. The decline has been slow, and has been the only cause, practically, of the weakness of silver, though the rumor that the British Government intends sending to India this year only £14,000,000 of silver, against £16,000,000 last year, may have had an unsettling influence.

The most prominent feature of the India exchange market recently has been the large amount of bills on India offered by the Government of British India. These bills naturally take the place of bar silver for export from India, and diminish to the same extent the demand for bars. Dealers in India exchange and specie houses generally, however, maintain that, as soon as the Government of British India curtails its offerings of bills, the market for both India bills and silver will be in a condition for an upward movement. This fact being pretty well understood probably accounts

for the apparent lack of concern with which the decline in India bills and silver bullion has been attended. Exactly the contrary was the case in 1886, when no such legitimate influences were at the bottom of the break in India exchange.

English Coinage.—The annual report of the Deputy Master of the English Mint contains a large amount of interesting information. The most noteworthy item, however, is the seigniorage on the silver coinage. The average price paid for silver bullion was $44\frac{1}{4}$ pence per ounce, while the silver coin issued was at the rate of 66 pence per ounce. The seigniorage that accrued to the State was $21\frac{1}{4}$ pence per ounce, or nearly 48 per cent. The following have been the rates of seigniorage since 1882:

	Per Cent.		Per Cent.
1887	48	1879	24 13-16
1886	41 13-16	1878	31 $\frac{1}{4}$
1885	36	1877	17 $\frac{1}{4}$
1884	30 $\frac{1}{4}$	1876	*
1883	30	1875	16
1882	28	1874	12 $\frac{1}{2}$
1881	27 $\frac{1}{4}$	1873	12 $\frac{1}{4}$
1880	26 $\frac{3}{8}$	1872	9 $\frac{1}{2}$

* No silver bullion purchased.

Payment of Taxes Through Banks.—"There was in the Bullit bill," which was the basis of the charter of Philadelphia, says the *Philadelphia Inquirer*, "a section providing that municipal taxes should be paid through the banks, which are all depositories of the city funds, thus obviating the necessity of making payments at the various city offices. According to this plan the tax bills were to be rendered in triplicate, one copy to be receipted and returned to the taxpayer, another to be retained by the bank and the third to be given to the city. This provision was, however, stricken out of the bill, apparently by those opposed to the reduction of city offices, since with this section in force the office of Receiver of Taxes would be practically abolished. The city could with advantage adopt the system of payments common with great railroad corporations, by which railroad vouchers, when duly authenticated, become checks on bank. In the same way warrants of the city, when countersigned by the Comptroller, could be made payable at bank, thus abolishing the present system of presenting claims. If this system had been in force the city would not have suffered by the forgeries of Major Phipps, since the banks, in such cases, assume all the risks."

Bonuses or Premiums to New Manufacturing Companies.—A late number of the *American Machinist* contains an interesting article on the subject of exempting new manufacturing enterprises from taxation for a definite period of time as an inducement to

locate in the place offering the exemption. The *Machinist* sets forth the injustice to established companies by granting such an advantage to a particular one. The new company, having no taxes to pay, is able to sell its goods at a lower price than its competitors, and thereby inflict, perhaps, heavy loss on them. This is one of the wrongs that is occasioned by thus favoring them at the public expense. But the *Machinist* also points out another wrong of a more serious character. Suppose the favored concern proposes to manufacture the same kind of goods as a company already existing in the particular locality, then clearly the company already established must assist in its own destruction (for the amount of money needful to manage a city or town must come from some source.) Probably in most cases where inducements of this kind are offered to new enterprises, one of the same kind does not exist in the place offering it. At all events, it will be seen that this favor granted to a new enterprise is at the expense of other interests directly or indirectly, and the question raised by the *Machinist*, whether or not it should be abandoned, is a timely one.

Sale of Proxies.—The attention of the Governing Committee of the New York Stock Exchange has lately been called to the practice of the sale of proxies. It is through the use of stock voting power thus obtained, that many of the worst things have been accomplished in the way of wrecking corporations, or of using them for personal ends instead of the public good. The New York statute is very specific in its penalties for selling proxies:

"It shall not be lawful for any person to vote or issue a proxy to any other person or persons to vote at any meeting of stockholders or bondholders or of stockholders and bondholders of any railroad corporation in this State for the election of directors, or for any other purpose, upon any stock or bonds where the certificate for said stock or said bonds shall not be in possession or under the control of the person on whose behalf the vote is to be given, and such last-mentioned person shall have ceased to retain the title to the stock represented by such certificates or the said bonds as owner in his own right or in his capacity as executor, administrator, trustee, committee, guardian, or otherwise, notwithstanding said stock or bonds may still stand in his name on the books of the said corporation. No person having the right to vote upon such stock or bond shall sell his vote or issue a proxy to vote upon such stock or bonds to any person for any sum of money or of anything of value whatever.

"The violation of this provision is made a misdemeanor, punishable by imprisonment not exceeding one year, or by a fine not exceeding \$5,000, or by both such fine and imprisonment."

Nevertheless, it is affirmed that the practice has been, perhaps, on an increase of late years. Whatever the New York Stock Exchange may do, it is clear enough what the officers of the law ought to do in the way of punishing those who are guilty of vio-

lating this statute. If persons were prosecuted who violated it, the effect would be very marked in preventing some of those arrangements in the management of corporate property from which the country has suffered so much of late years.

British Emigration.—One of the departments of the English Government has been investigating the subject of emigration to the British Colonies. The main purpose of the bureau, it is said, is to find homes and employment in the colonies for the surplus population of the British Islands. After a thorough investigation, the conclusion is reached that the only immigrants who are cordially welcomed are the more intelligent and able-bodied, precisely those whom the mother country seeks to keep at home. The English office has found that the colonists everywhere are hostile to pauper immigrants, and are taking measures to resist their introduction wherever effective steps can be taken. There has of late been greater inducement for Canadian than for Australian emigration, but from this report circumstances are tending to equalize these two currents. Competent farm hands, female domestic servants and immigrants with some means are found to be welcome in many quarters, but as a rule it is to these classes only that a cordial reception is tendered. The report pronounces adversely in the main on the emigration of mechanics of any sort who are able to earn a living at home, and finds little prospect of relief by colonial emigration for the overcrowded condition of English towns and trade centers.

Gold Shipments.—The New York *Stockholder* says that the causes for the recent shipments of gold to Europe are not well understood. The Bank of England has been losing coin and bullion which has gone generally to Brazil and the Argentine Republic in response to drafts against loans. Germany, also, has been drawing specie from the bank. This drain has occasioned a fall in the bank specie reserve below the usual level, and consequently the discount rate has been advanced to save it from further depletion, and in turn the open market rate for money in London also became higher.

“Money being cheaper here, and the exchange rate favorable, Germany begins to draw her supplies from this country; hence the heavy shipments by the steamers Ems and Salle. Other amounts have been taken for London account, but they were comparatively light, the margin of profit being so small that, in view of existing uncertainties, bankers do not care to more than cover their balances. This margin of profit is a subject, by the way, which, with each recurring period of gold shipments, results in a great deal of discussion, and, with foreign houses shipping gold in million dollar lots, the assertion is frequently made that there is no profit in the transaction. So many elements enter into the calculation that this assertion, though often erroneous, is commonly

accepted in good faith. The item of insurance is talked of as though it were the only expense incident to the transaction outside of freight charges. Just now we are shipping bars which answer every requirement, are more easily handled, and abrade less than the coin. On the 28th of May the demand sterling rate was \$4.90. Here is the record of an actual transaction in gold bars destined for the Bank of England, the shipment being made at a time when the rate was the same as on that day, the money rate in London also being the same, the names of the real shippers and consignees being omitted for obvious reasons:

Invoice of fine gold bars shipped by John Smith, of New York, consigned to John Jones, Liverpool, at risk and for account of shippers:

Fourteen kegs, containing in all 132 bars U. S. fine gold 899½ and 996 fine, 38,097.03 oz.....	\$768,863 88
<i>Expenses—</i>	
Freight 3-32ds of 1 per cent.....	\$720 81
Fourteen kegs at \$2 50.....	35 00
Cartage.....	22 50
Custom House clearance.....	1 20
	<u>779 51</u>

Account sales of 132 bars of gold from New York by order and for account of John Smith:

86 bars weighing 30,315.900 oz., melted into 148 bars	
46 " " 7,780.850 oz., " " 38 "	
132	38,096.750
	<u>186</u>
and sold to the Bank of England—	
38,091 oz. fine, or 40,577.176 standard, at 77s. 9d.....	£157,743 15 5
Allowed by melters for gold adhered to crucibles.....	9 12 6

<i>Charges—</i>		£157,753 7 11
Deposit charge at bank.....	£0 14 0	
Melting.....	39 14 0	
Assays.....	41 17 0	
Brokerage.....	19 14 6	
Carriage to and from melters.....	3 0 0	
Carriage to London.....	12 8 9	
Dues in Liverpool.....	0 11 8	
<i>Insurance for £160,200—</i>		
£40,050 at 2s. 6d. per cent. and duty.....	55 1 6	
£120,150 at 3s. 4d. per cent. and duty.....	215 6 6	
		<u>388 7 11</u>
Cash remaining.....	£157,365 0 0	
Cost.....	157,391 5 9	

Loss.....	£26 5 9
Equal to a demand transfer at \$4.89.10	
" " 60 days' transfer at \$4.88.06.	
Interest calculated at 1¼ per cent. per annum.	

This shows what nice calculation is necessary to determine just how much profit or loss there is in shipments of large amounts, and it also indicates with what a degree of caution the assertions referred to above should be accepted."

The London *Economist*, writing on this subject, says: "There is always a tendency for gold to come hither from the States at this time of the year, just as the tendency is for gold to go hence in the later autumn to the States, the reason being that this is the dull season of the American export trade, and the balance of trade indebtedness inclines against the States, whereas in the autumn the exports are on a large scale, and Europe has commonly to ship gold as well as produce to pay for them. It is true that in recent

years any balance of trade debt which America may have had to liquidate has for the most part been paid for in securities rather than in gold. Latterly, however, this market has not been absorbing American railway shares and bonds at all so freely as it formerly did. In some directions the disposition has rather been to realize than to increase this class of our investments. And the fact that payment is not being taken to so large an extent in the shape of securities, increases, of course, the probability that gold will be remitted."

Chilian Finances.—The New York *Evening Post* lately published an article giving a clear account of the finances of this interesting country. The Government, which twenty years ago had an income of not much more than \$9,000,000, has now prepared estimates for the year 1888 of \$32,439,736, expecting to have a probable surplus of over \$11,000,000. Its annual commerce has reached a total of over \$100,000,000. Its population is comparatively small, not exceeding 3,000,000, while its commercial activity is greater than that of any other South American State. "The financial status of Chili is shown with sufficient clearness in the important operations of funding the foreign debt which have been recently consummated. Like most of the other South American republics, Chili had contracted a long series of foreign loans of various amounts and at varying rates of interest. These have now practically all been funded in a new issue, \$30,000,000 taken by the Rothschilds in February, 1886, at 96, with interest at 4½ per cent. The remaining foreign indebtedness brings the total up to \$34,601,270, as the account stood at the beginning of 1887. To this must be added a domestic debt of \$49,223,439, estimated in paper money, involving an annual interest charge of something more than \$2,000,000. This is relatively a large debt, incurred, in great part, for the execution of the vast schemes of public improvements upon which Chili had already entered before the long war with Peru and Bolivia put new burdens upon her. That she will be able to carry them all seems to be the judgment of the money market, always the best test of national credit."

Decline in Stocks of Goods.—In a recent number of the *Shoe and Leather Reporter*, was an interesting editorial showing how stocks of goods had of late years been diminished, in consequence of the new ways of doing business. Formerly, the merchant would buy once or twice a year and sell them during the interval. Now, through the multiplying of the ways of transportation, he finds that it is no longer needful to buy a stock for six months, but only small quantities, and to renew his stock more frequently. This change in the mode of purchasing is followed by important consequences. In the first place, less capital is

needed by the merchant than was needed formerly. His insurance, of course, is diminished; and less room is required for storing his goods. The manufacturer, too, need not accumulate goods as he did formerly, to be sold once or twice a year, so he, in turn, needs less capital than was formerly required to conduct his business. The *Reporter* further says: "Undoubtedly, the modern fashion of buying in small quantities is gradually and effectually working out the regeneration of all branches of the trade. It has taken a great while already to relieve the markets of the superfluous stocks, which accumulated when the old system was in vogue; it may require considerable more time still to render the rectification complete. There may be a lapse into the discarded custom, and that would have the unlucky effect of putting us back into the speculative and feverish style of trading, out of which the few get rich, and the many poor—prices alternately rising fabulously and sinking desperately—large profits on paper, subject to immense deduction for expenses and losses—failures occurring in all directions—the debtors owing much and having little to pay with—a continual state of uncertainty whether the ultimate balance will be on the right side or the wrong. People complain that it is not easy to sell goods, not always possible to get any advance on the cost of what they do sell. But at all events, they keep track of their affairs, they know from day to day just how much they are making or losing, they are not counting on gains which are likely to be subsequently swept away by the insolvency of the parties they are trusting. There cannot be much over-production if dealers buy only what will serve their purpose from week to week."

Paper Money in Peru.—Mr. Brent, the American Consul at Peru, has recently given some interesting information on the paper money of that country. He says that it has disappeared as a purchasing power, and that the only use now made of it is to pay five per cent. of the customs duties with it, and when thus received it is burnt at the capital. In all other transactions paper money is refused.

"Sufficient silver coin exists for ordinary business handling, for the purchase of market supplies, and general shopping. Up to the year 1878, there was no emission of paper money made by the Government. All that was in circulation was issued by the banks at Lima, and the minor ones at Piura, Trujillo, and Arequipa. The notes of the Bank of Tacna only circulated in that locality and in Bolivia. At that period a threatening financial crisis set in, and from the previous demonetization of coin by the Government to assist the banks, the paper in circulation became practically irredeemable, and the value of that class of money issued by the banks fell greatly. From a power of purchasing exchange on London of 46 pence to the sol it declined to 19 pence. The Government then sought to avert the impending peril, and by a decree assumed the responsibility of redeeming the bank issue of paper money (about

18,000,000 sols), the banks in turn surrendering the credits they held against the State, and all the notes were called in to be stamped on the reverse, with a legend to the effect that they were guaranteed by the Government. This did not improve the situation: little confidence was reposed in the ability of the Government to meet this new obligation, and the sudden influx of new money, thus improvised, into the treasury, not only induced extravagance, but so captivated the Government that new emissions were resorted to on the part of the State, naturally decreasing the exchange value of the paper in use. Then, in 1879, came the war with Chili, and the necessities arising therefrom forced Congress to authorize still further issues, until the amount in circulation reached nearly 85,000,000 of sols, and the purchasing value of the paper sol fell to 6 pence sterling, when five or six years before it had ruled at 46 pence. Indeed, in the sixties, when Peru enjoyed her "flush times," with the available wealth of guano and nitrate and public works in progress, the notes issued by the Lima banks were at a premium over silver on account of the convenience and dispatch of handling, as well as from the accepted security of the guaranty. After the assumption of the circulation by the Government, the banks commenced to lose their power and scope of action. They were, of course, prohibited from further emissions, and the six institutions of that class established with Peruvian capital closed their doors with more or less delay. Now there are only two banks in Peru, neither issuing paper money, one an English institution, and the other largely based on foreign capital. And by a law of the last Congress, Government is expressly restrained from any experiments in the way of placing more paper money before the public."

This is a repetition of our own experience during the revolutionary war. The amount was increased more and more until it became worthless and was repudiated. The same fate is likely to overtake the existing Russian paper money. Some persons regard this as a very good way of taxing the people; but it is a fearfully unequal one. In Peru, as in other countries where paper has been repudiated, doubtless it is in the possession of many persons; but their holdings are very unequal, and therefore the losses would be. In short, it is the worst kind of a tax that can be imagined. However, in Peru, as in our own country, it may be justified on the grounds of necessity. The one fact that cannot be disputed, is that in Peru, as in our own country, after hard payments were restored, the people were better off than they were before. It is worth noting that after the restoration of specie payments, near the close of the revolutionary war, specie quickly appeared and in very considerable quantities too. The foreign armies had brought over a considerable quantity, there was much more in the country than there was after the acknowledgment of independence, for when that event arrived large sums were immediately sent to Europe in payment of merchandise. Accepting our consul's statement, there is a very considerable quantity of specie in circulation in Peru, and much as the people may suffer from the change, they will soon be better off than they were before, when prices were fluctuating in a most extraordinary manner.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF THE PRESIDENT.

[CONCLUDED.]

A court of equity on the petition of stockholders will not enjoin the president and cashier of a bank from performing their official duties for a malfeasance in office. To suspend either indefinitely would be similar to an absolute removal, and the right to do this "belongs exclusively to the corporation itself." (*Bayless v. Orne*, 1 Freeman Ch. Miss. 161.)

One of the most important questions pertaining to the power of a president is, how far will his knowledge of the business be regarded as known by the bank, and for which it must be responsible? In a well-considered case, Davis, P. J., after referring to several cases, says that some of them "go far enough to hold that the knowledge of a president who has exercised only the ordinary powers of that office is the knowledge of his bank, or notice to it when he acts officially in receiving any advantage to the bank flowing from his individual act. Especially may this be so when the individual action is taken, wholly or in part, for the purpose of benefiting the bank by procuring means with which to pay liabilities owing to or held by it against himself or another." (*City National Bank v. National Park Bank*, 32 Hun., p. 110.)

In other words, if a bank receive a benefit from the president's act, though wrongful, it is liable therefor. Thus B., the president of a bank, borrowed money of M. for his own use, and gave him 550 shares in the bank stock as security. B. was then the owner of more than this number of shares, but the certificates had been transferred by him to *bona fide* holders. Anticipating their surrender, B. had certificates for 550 shares more issued to himself, and gave them to M. as security for the loan, with power to transfer the same. M. gave a check for the money, which was collected and placed among the assets of the bank. The bank afterward failed, and M. demanded his money and offered to surrender his certificates. It was decided that the president had practiced a fraud on M., who, on discovering it, had a right to rescind the contract, to return the certificates, and to share in the assets of the bank. Said Judge Benedict: "When the bank took, and, without consideration, applied to its own use the money obtained by its president by means of the certificates [issued to M.], and with full knowledge, not only through Beach, its president, but Redfield, its

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cashier, that the money had been obtained upon the faith of duplicate certificates of stock issued by the bank to a person not then the owner of the stock, the bank became directly liable to [M.] for the money, as the borrower thereof, and cannot be permitted to say that Beach was not authorized so to obtain money from the bank." (*Manhattan Life Insurance Co. v. Farmers and Citizens' National Bank*, 10 Blatchf. 344, p. 349.)

The president's knowledge concerning the discount of a note is the knowledge of his bank, and his accidental absence at a time when such knowledge should be used to protect the bank from loss is not a legal excuse for its failure to act. (*Central National Bank v. Levin*, 6 Mo. App. 543.) Likewise, his knowledge that stock standing on the books of the bank, in the name of a person, which is held by him in trust for another, is regarded as a notice to the bank itself. "There is no other officer," says Davis, J., "or agent, to whom it could have been made with more propriety. It would be equally available, no doubt, if made to the cashier, or a director. Nor does the law require, in questions of this kind, that full and accurate details should be given, in order to constitute notice. It is enough, if the party be put upon inquiry apprised of the fact in general terms; and he will omit, at his peril, to seek for full information in those places, and of those persons, where it may reasonably be expected to be found." (*Porter v. Bank of Rutland*, 19 Vt. 410, p. 425, the court citing *Blaisdell v. Stevens*, 16 Id. 179; *Anderson v. Van Alen*, 12 Johns. 343; 4 Johns. Ch. 39-44.)

In *McCann v. State* (4 Neb. 324) the National Government drew two drafts in favor of the Governor of Nebraska, which he indorsed and delivered to McCann, the president of the Nebraska City National Bank. The drafts were given to McCann in the banking house, the cashier indorsed them, and the bank received the proceeds. A portion of these were paid by the bank to O., who had been the Governor's agent to collect the same from the Government. But it was held that the Governor had no interest therein which he could transfer to any person except the State Treasurer, that the drafts contained sufficient evidence of this fact to require that inquiry should be made before paying them to any other person, and, consequently, the bank was liable for the whole amount.

"It is settled law that fraudulent representations, or a fraudulent concealment of material facts by an agent when engaged in the transaction of the business of the principal, will charge the principal, constructively, through the agent." (Nicholson, C. J., in *Tagg v. Tennessee National Bank*, 9 Heisk. 479, p. 482.) If, therefore, the president of a bank should learn of a defect in a note in his

official capacity, and should fail to communicate his knowledge to the bank when the note was received or discounted, it would be regarded as having had notice of the defect in the note. (*Id.*)

But if the president should acquire his knowledge of a defect in a note while acting in his individual capacity, is he required to communicate this knowledge in the event of the presentation of the note for discount? If he is required to do so when receiving the knowledge officially, is the requirement not equally strong to do so when receiving the knowledge as an individual? "In each case," says Nicholson, C. J., "he is under all the obligations of an agent, and in each case he has knowledge which involves the interest of his principal. Surely there is no reason why the obligation to disclose his knowledge is not as strong when he derives that knowledge in a transaction for his own benefit, as in a transaction for the benefit of his principal." (*Tagg v. Tennessee National Bank*, 9 Heisk. 479, p. 483; *Union Bank v. Campbell*, 4 Humph. 396; *Bank v. Davis*, 2 Hill 445.)

If two members of a firm are the president and cashier of a bank, their knowledge of the insolvency of the firm is the knowledge of the bank. (*Nisbet v. Macon Bank and Trust Co.*, 4 Woods 464.)

What are the duties of a president, *pro tempore*, of a bank? In an Alabama case, the court, after quoting some provisions in a bank's charter pertaining to the appointment of such an officer, said: "The duties of the president, *pro tempore*, are not expressly pointed out. His powers, so far as we are informed by the charter, are not less extensive than those of the president during his continuance in office. And as the duties of the president are, for the time being, cast upon him, he is competent to the performance of all legal acts pertaining to his official character." He could therefore certify that the note sued in that case belonged to the bank. (*Bancroft v. Branch of the Bank of the State of Alabama*, 1 Ala. 230.)

Passing to branch banks conducted by resident managers, how are these officers regarded by the law? If such a manager keeps the business by itself as much as possible, and yet he is an agent of the parent bank, and indorses drafts drawn thereon by one branch to another, and attends to their presentation, an acceptor may fairly infer that the manager is the proper person to be notified of anything which affects his responsibility. (*Canadian Bank v. Coumbe*, 47 Mich. 358.)

With respect to suits, Collier, C. J. has said that "it is not within the scope of the powers ordinarily conferred upon the cashier of a bank to appear and defend suit against the corporation. That duty pertains to those to whom the management of

its affairs are entrusted." (*Branch Bank v. Poe*, 1 Ala. 396, p. 398.) As a bank is an artificial entity, it cannot answer on oath; it should answer under its common seal, which must appear to have been used either by the express authority of the directors, or "actually have been used by the president of the bank, who thus far is the executive officer of the board."

In Indiana also, under the general banking law of the State, all suits against a bank must be brought "against the president." It has, therefore, been held that "in his official capacity he is, by law, the representative of the bank in all judicial proceedings, either in its behalf or against it." (*Sturgis v. Rogers*, 26 Ind. 1, p. 8.)

A legal proceeding by the president and directors of a bank with the seal of the corporation, is a sufficient compliance with the charter, which requires the proceeding to be instituted by the president. (*Crawford v. State Bank*, 5 Ala. 679.)

The question has been raised on some occasions, what knowledge would suffice to prove that a person was president of a bank? This question was considered in *Crawford v. Branch Bank*, (7 Ala. 205.) It was decided, in that case, that a person who was elected by the legislature as a director of the bank could not be judically regarded as appointed by the board its president, *pro tem*, merely, because he certified that a debt which the bank sought to recover was its property. (See *Bancroft v. Branch Bank*, 1 Ala. N. S. 230; *Roberts v. State Bank*, 9 Porter, 312.)

In suits by or against a bank, what admissions or statements of the president can be introduced? In the first place, his statements that are made away from his institution, and in which it has no interest, are not admissible. (*Kennedy v. Otoe County National Bank*, 7 Neb. 59.) But if he sign a receipt for money, which is to be deposited to B's credit, this is evidence against the bank of having received the money, though not conclusive. (*Sterling v. Marietta & Susquehanna Trading Co.*, 11 Serg. & Rawle 179.) So, too, the admissions of a president, who is also a special agent, of acts performed in the course of his agency, are evidence against his bank. (*Spalding v. Bank*, 9 Pa. 28; *Bank v. Davis*, 2 Hill. 445; see *Westmorland Bank v. Klingensmith*, 7 Watts 523.) But the declarations of a former president, concerning payments on a note held by the bank, are not evidence in a suit thereon. (*Sterling v. Marietta & Susquehanna Trading Co.*, 11 Serg. & Rawle 179.)

Concerning his compensation, a bank president cannot recover for his official services "where there was neither a special contract, nor some vote of the corporation or of its directors pro-

viding for its payment. Such officers are undoubtedly often paid for such services, but always, we believe, under the sanction of some express agreement or of some vote of the directors, allowing or assenting to it. In the absence of any such provision, the presumption would therefore be that the service was gratuitously performed, either in consideration of the advantages incidentally resulting from the position, or from motives of generosity and public spirit. And this is according to the general rule which prevails in relation to the directors in similar corporations." (Merrick, J. in *Sawyer v. Powner's Bank*, 6 Allen 207, p. 209, citing *New York & New Haven R. Co. v. Kelchum*, 27 Conn. 170; *Loan Association v. Stonemets*, 29 Pa. 534.)

If the charter of a bank provides that the president shall receive no compensation unless voted by the directors, any service that he may render to the institution will be presumed to be done as president, unless the service was rendered outside the duties of his office. (*Olney v. Chadsey*, 7 R. I. 224.)

In Maine it is provided by statute that the directors of a bank may make such a compensation to the president "as they think reasonable." "No action can be maintained upon a quantum meruit for such services. If it could be, the compensation would depend, not upon what the directors might in their discretion 'think reasonable,' but upon what the jury or some other tribunal might think reasonable." (*Holland v. Lewiston Falls Bank*, 52 Me. 564.)

The undrawn salary of a bank officer draws interest. In the case of Baker's estate, the objection was made that no interest could be demanded with the president's salary, but the court said that "it was money in the hands of the bank belonging to Mr. Baker, of which the bank had the use, and for which, upon authority well established, we think interest was of right demandable." (7 Phila. 479, p. 482.)

We have presented all the more important rules and remarks touching the duties and liabilities of a bank president, that have been made by the courts. As, however, common law principles are often founded on usage, we have no doubt that the powers of bank presidents are, in truth, much greater, than those herein described, in the larger cities, and wherever he is the chief officer and manager of a bank. In other words, where he is the active head, beside the duties and liabilities that generally inhere in the office, he has nearly all those which pertain to the office of cashier. In New York, Philadelphia, Boston, Chicago, and other large cities, the president generally devotes most of his time and ability to the affairs of his bank. In such cases, the courts would probably hold that the bank was liable for every-

thing done within the usage of presidents intrusted with such powers. Though not expressly conferred by vote of the directors, usage among such officers would doubtless be quite as binding as express authority, or judically established rule, and we can discover no reason why it should not be.

THE DUTIES AND LIABILITIES OF A CASHIER.

In *Franklin Bank v. Steward* (37 Me. 519, p. 521), Shepley, C. J. says: "The powers and duties of the officers of corporations are usually determined by their charters and by-laws and by the laws of the State. . . . The laws of the State require the cashiers to perform certain duties, and that each should give a bond with sureties for the faithful performance of his duties. . . . If they assume such duties, the extent and limit of their powers should be exhibited by proof of the acts which they have been held out to the public as accustomed to perform. When a bank presents its cashier as habitually performing certain acts or duties, these may be regarded as official acts or duties, and for the performance of them he may be considered as its general agent. He cannot be regarded as a general agent for the transaction of all the business of the bank. The directors alone are authorized by law to make discounts; and they alone can make contracts binding upon it. A cashier, it is well known, is allowed to present himself to the public as habitually accustomed to make payment for its bills or notes payable to other persons; to make payment for bills and notes discounted by the directors; to receive payment for bills of exchange, notes and other debts due to the bank; to receive money on deposit, and to pay the same to the order of the depositors. He is presented as having the custody of its books, bills, bills of exchange, notes and other evidences of debt due to it, and, indeed, of all its movable property; as making entries in its books, and as keeping its accounts and a record of its proceedings. In many banks these duties are performed in part by tellers, clerks or assistants, but generally, it is believed, under his superintendence, and he might at any time assume the performance of them, and perform them, if able to do so, without such assistance. His true position appears to be that of a general agent for the performance of his official and accustomed duties. While acting within the scope of this authority he would bind the bank, although he might violate his private instructions." (Citing *Hatch v. Taylor*, 10 N. H. 538; *Planters' Bank v. Cameron*, 3 Sm. and Marsh 609).

In describing the duties of a cashier, Judge Morgan (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 340.) says that

he "is the managing agent, and speaks for the corporation. The cashier is usually intrusted with all the funds of a bank, to be used from time to time for the ordinary and extraordinary exigencies of the bank. In that he is considered the executive officer, through whom and by whom the whole moneyed operations of the bank in paying and receiving debts, or discharging or transferring securities, are to be conducted.

"He is the general manager, and unless his operations are restricted by the directors, he is, for many purposes, looked upon by the law, and he is treated as if he was, the whole body, whom he has power to bind, even by his tortious act.

"There does not appear to me to be any essential difference between the powers of a cashier who is allowed to manage all the affairs of a bank, and that of a manager of a branch bank in Great Britain. It is there said that if a local manager of a branch bank gets into his hands the money of a customer of the bank, by inducing the customer to consider that he is acting in the transaction as agent of the bank, and is invested with authority to effect the purchase for which the customer confides the money to him, and then appropriates the money to his own purposes, the customer's loss will fall upon the copartnership. To hold the bank not to be liable in such a case would be, it is said, to hand over the public to the mercy of the clerks employed by these banks." (The court citing Grant on Banking, pp. 518-519.)

"The acts of a cashier," says Bellows, C. J. (*Cocheco National Bank v. Haskell*, 51 N. H. 116, p. 121,) "done in the ordinary course of the business actually confided to such an officer, may be regarded *prima facie* as coming within the scope of his duty. He is held out to the public as having authority to act according to the general usage, practice, and course of business of such institutions; he is the financial officer of the bank; he is usually intrusted with all the funds of the bank in cash, notes, bills and other choses in action, to be used from time to time for the ordinary and extraordinary exigencies of the bank; he receives directly, and through subordinate officers, all moneys and notes; he delivers up all discounted notes and other securities when payments have been made; he draws checks from time to time for moneys, whenever the bank has deposits. In short, he is considered the executive officer through whom and by whom the whole moneyed operations of the bank in paying or receiving debts, or discharging and transferring securities, are to be conducted. (*Fleckner v. Bank*, 8 Wheat. 360; *Corser v. Paul*, 41 N. H. 27). So he may issue certificates of deposit, transfer by indorsement the negotiable paper belonging to the bank, or left with it for collection, and receive payment of dues to the bank, and give

receipts therefor." (*City Bank v. Perkins*, 29 N. Y. 554; *Bank v. Wheeler*, 21 Ind. 90; *Wilde v. Bank*, 3 Mason 305; *Robb v. Ross County Bank*, 41 Barb. 586; *Sturges v. Bank*, 11 Ohio St. 153.)

In *Wilde v. The Passamaquoddy Bank* (3 Mason 505), Judge Story thus defines the duties of a cashier: "The cashier of a bank is, *virtute officii*, generally intrusted with the notes, securities and other funds of the bank, and is held out to the world by the bank as its general agent in the negotiation, management and disposal of them. *Prima facie*, then, he must be deemed to have authority to transfer and indorse negotiable securities held by the bank for its use and in its behalf. No special authority for this purpose need be proved. If any bank chooses to depart from this general course of business, it is certainly at liberty to do so, but in such case it is incumbent on the bank to show that it has interposed a restriction, and that such restriction is known to them with whom it is in the habit of doing business." A cashier, therefore, has power to transmit a note to another bank for discount and collection, and to transfer the title thereto. (*Potter v. Merchants' Bank*, 28 N. Y. 641.)

In *Leggett v. The New Jersey Manufacturing and Banking Co.* (Saxton, Ch. 541, p. 553), Chancellor Pennington thus defined the duties of a cashier: "The cashier is usually intrusted with all the funds of a bank, in cash, notes, bills, etc., to be used from time to time for the purposes of the bank. He receives, directly or through the subordinate officers, all moneys and notes. He draws checks, from time to time, for monies, wherever the bank has deposits. In short, he is the executive officer, through whom, and by whom, the whole moneyed operations of the bank, in paying or receiving debts, or discharging or transferring securities, are to be conducted." *

In regard to the evidence of his appointment and his authority, these matters are not confined to the records of the bank. Parol evidence is also admissible for these purposes. "If," says Story, J., "a person acts notoriously as cashier of a bank, and is recognized by the directors or by the corporation as an existing officer, a regular appointment will be presumed, and his acts as cashier will bind the corporation, although no written proof is or can be adduced of his appointment." (*Bank of U. S. v. Dandridge*, 12 Wheat; *Town of Concord v. Concord Bank*, 16 N. H. 26; *Union Bank v. Ridgely*, 1 H. & Gill. 392.)†

* "The cashier of a bank is the regularly authorized organ thereof, and whatever is done by him in that capacity is the act of the bank." Tenney, J. in *Burnham v. Webster*, 19 Me. 232, p. 234.

† If a bank should surrender its charter, and this should be accepted, but its power should be continued for a limited time to close its affairs, the directors would have authority to appoint a cashier under the general banking law of the State. (*Cooper v. Curtis*, 30 Me. 488.)

In signing his name, a cashier has rarely performed the act in such a manner as to raise the doubt whether he was acting in his official capacity or not. In his correspondence, Ruggles, J., has remarked: "Every bank or banking company has its cashier, who is its agent for the purpose of writing and receiving letters on the subject of its ordinary business. A letter from the cashier (having no agency or duty except what pertains to that office) on the business of his bank is a letter from his bank. A letter to the cashier, relating to the business of his bank, is a letter to his bank; and the bank is chargeable with knowledge of the contents of such letter." (*New Hope & Delaware Bridge Co. v. Phenix Bank*, 3 N. Y., p. 166.)

In indorsing the paper of his bank, if he writes his name, for example, S. P. Stokes, Cashier, on the back, the holder can write the name of the bank over the signature, and such an indorsement would hold the bank. (*Bank of Genesee v. Patchin Bank*, 19 N. Y. 312; first trial, 13 *Id.* 309.) In such a case in Massachusetts (*Folger v. Chase*, 18 Pick. 63), it was said by the court: "As to the objection that the indorsement is not made in the name of the corporation, we think the indorsement by the cashier, in his official capacity, sufficiently shows that the indorsement was made in behalf of the bank, and if that is not sufficiently certain, the plaintiffs have a right now to prefix the name of the corporation." Judge Denio, in reviewing this case, remarks that "if the holder could write the name of the corporation over the signature of the officer, the contract would then be in the usual form, and would carry with it the ordinary consequences. The principle thus settled by the Supreme Court of Massachusetts carries into effect the intention of the parties to such transactions, is in accordance with legal analogies, by which effect is given to indorsements on negotiable paper by allowing them to be filled up in such manner as to carry out what was designed, and is not opposed to any case in our own courts." (*Bank of Genesee v. Patchin Bank*, 13 N. Y. 309, p. 319; See *Barbour v. Litchfield*, 4 Abb. N. Y. Ct. of App., Dec. 655.)

In *Caldwell v. National Mohawk Valley Bank* (64 Barb. 333), a cashier signed a receipt at his bank for money received by him in payment of bonds which he had purchased for the payor. The receipt, however, did not state his official character, and the question was, whether this was a private or official act. It was held that parol evidence was admissible to show that the act was official, though the money was credited on the bank books to the cashier's private account. (*Merchants' Bank v. Bank of Columbia*, 5 Wheat, 326.)

In another case a bill was drawn by B. and H. payable to the

order of D. C. Converse, Cashier, who was cashier of the M. bank, and was endorsed, "Pay to the order of Edwin Ludlow, Cashier, D. C. Converse, Cr." Ludlow was cashier of a banking company to which the bill was sent for collection. The question was whether this indorsement was a private or official act. It was declared to be an official indorsement, and therefore bound the bank. (*Bank of the State of New York v. Muskingum Branch of Bank of Ohio*. 29 N. Y. 619, affg 36 Barb. 332.)

TURGOT.*

FROM THE FRENCH OF M. HENRI BAUDRILLART.

From a pilgrimage to the château of Lantheuil in Normandy the ancestral home of the Turgot family, M. Léon Say brought back some interesting documents. He brought back, moreover, a fresh impression of the man and of the period, which he was to transmit to us by fixing it in pages of vivid reality. He recounts his emotion at touching and reading those papers and letters, several of which have been destroyed out of tenderness for persons—a very honorable tenderness no doubt, but very much to be regretted for the sake of history. Everything to enlighten posterity upon the sentiments of a man like Turgot, to make known his opinions of the personages who were his contemporaries, is indeed valuable, and the regret is increased by the thought that these destroyed letters related to that critical moment when the minister's impending fall imparted a keener and more impassioned accent to his thoughts. The opportunity of speaking of Turgot was furnished to M. Say by the publication of a collection designed to unite the great names of France, illustrated by their writings. If it be observed that this title of "great writer" is hardly to be separated from the more striking gifts of imagination and eloquence, Turgot's place would nevertheless remain assured in the front rank of excellent writers. No one has spoken the language of political economy with greater clearness and precision, with finer elevation, whenever there was room for it. A merit that acquires even more value, when one remembers that the school to which Turgot belongs had not always shone by the simplicity of its style and the lucidity of its expression.

The frame of M. Léon Say's work was to some extent traced

* This is the translation by O. A. Bierstadt of an article that appeared in the *Journal des Economistes*, which was written by M. Henri Baudrillart as a review of Léon Say's *Life of Turgot*.

by the nature of the publication. A series of monographs was called for, substantial enough to include everything, short enough to be read rapidly, free enough from scholastic jargon to find access into any cultivated mind. It mattered little, consequently, that a goodly number of big books had been devoted to this personage, upon whom attention has been constantly directed for over a century, as upon a subject of inexhaustible controversy. Turgot's new biographer had only to place himself before his work already familiar to him. And then, why should it not be said as well? Was it only one biography the more to be written? Was it merely reverence to be done to a great memory? Was there not a cause to be defended? The resistance that Turgot encountered is not so dead as is commonly supposed. The arguments arrayed against him are not so entirely relegated into the history of the past. No, the arena is not yet closed. And M. Léon Say makes no excuse for having written a militant biography. This is his declaration: "The liberty of labor, which was to Turgot the beginning and the end of all economic laws, is to-day the object of the sharpest attacks. It is no longer the privileged people, the possessors of wealth, the parliamentarians, the classes formerly called governing, who are united as of old against Turgot. The reaction disclosing itself is produced among the working men, among the sons of those who were wild with joy when he proclaimed the edict abolishing the masterships and the wardenships. The working people are striving to seize upon and load themselves anew with their broken fetters, believing they will find protection in what was formerly—they have forgotten it—the instrument of their oppression."

This is certainly language wanting neither in perspicuity nor in pride, and the justice of which cannot, unfortunately, be contested. The hostile forces are even more numerous than is here said, and they are recruited not alone from the working classes. How many extreme partisans of State intervention belong to the upper classes, and are still dreaming of monopolies and privileges, while they devotedly invoke the memory of 1789!

By uniting this tone of discreet discussion with a recital, that has all the attractions of a page of history, by mingling the study of writings that belong to the history of the science with the study of events, M. Say has been able to compose a substantial, rapid work, full of wise and judicious views, having the briskness of a speech and the solidity of a book. In two hundred pages and over he lets us survey that life filled with lofty thoughts, profound studies, and acts that are ineffaceable dates in the history of society.

By calling attention to beginnings but little known, the author

of the notice shows us the aurora of that precocious wisdom brilliant enough to excite enthusiasm over a young man's Sarbonne thesis. Step by step may this intellect be followed, giving fruit at twenty-two years of age, only to multiply it thenceforth, and to improve upon its ripeness and savor. This intellect embraces the most varied branches of human knowledge, while applying itself particularly to that social science which was called "new," and which was really so, though the contrary has been affirmed; for, if the objects occupying it had served as a subject of regulation for those who make the laws and of activity for those who execute them, they had never formed the basis of methodical knowledge.*

I.

If, relying upon the data furnished by so many exact and fine analyses that recapitulate Turgot's writings and his life itself, I had to disengage the formula of this great mind, I should not be embarrassed to name its leading quality. The eminent gift to be found in his most special works, as well as in the more considerable work which he undertook—the regeneration of France—this characteristic gift of all, M. Say gives us to understand, is philosophy. Well known is the desire Plato had to see philosophy in power, in order that the world might be penetrated with some rays of that justice and reason, of which it is the hearth as it were, kindled upon heights rarely frequented by the men of government. This desire had been but little realized. It had been only an impotent dream with a Marcus Aurelius. In the very century that proclaimed itself the century of philosophy and knowledge, Frederick, as heir to a throne, had, in his correspondence with Voltaire, played for a time a comedy, half sincere, perhaps, of the philosopher, crowned in expectation. But the illusion or the hypocrisy of this character had not long withstood contact with the realities of power. The king of Prussia remembered that he had read much of Machiavelli, but he forgot that it was only to refute him. Turgot's was a philosophical mind in every sense, even the most special. His metaphysical articles have been considered models of penetration by the psychologists most in authority in our day. This was Roger-Collard's opinion, and we personally remember hearing Victor Cousin judge with the same favor the article on "Existence." It is an entirely special confirmation of

* We could not refrain from this reflection, when we heard M. Rousse replying to M. Léon Say at the time of his reception into the French Academy. The eminent advocate declared that political economy had always been studied, referring to ministers who had always busied themselves with finance, commerce and industry. Is that not forgetting that men like Colbert and Adam Smith belong, like their works, to two very different orders? A navigator does not resemble an astronomer or a natural philosopher, even when he makes use of their discoveries.

what M. Say says in a general manner, that Turgot seems to have thought and acted more in view of the nineteenth than of the eighteenth century. This judgment may be applied to all that constitutes Turgot's philosophy. It has been said that he had Bacon's head. He recalls it indeed by his passion for the experimental method, and by his universal curiosity. But, besides his writings on language and on other subjects within the domain of philosophy properly so called, his moral and social theories give him a place that does not permit of confounding him with his friends, the encyclopedists. He forms an idea of the order of the universe, such as a philosopher of the school of Leibnitz might form. He believes in laws and beneficent ends. He conceives an intelligent cause, obscure no doubt to our senses and imagination, but living and real. The differences separating him from his friend and disciple Coudorcet may be measured by reading their writings, and notably their "Correspondence," only recently published.*

I shall ask M. Léon Say's permission to insist more than he has himself done upon these characteristics of Turgot's moral and historical doctrines. His protestation was very sharp against the sensualistic theories of Helvétius, and he is different from the purely utilitarian theory that Bentham was soon to formulate. His manner of appreciating Christianity, historically and in its actual social effects, seems to me worthy of notice. In the eighteenth as in the seventeenth century, the adherents of this religion saw in it merely an affair of individual salvation. The relation of Christianity to social improvement did not to any degree concern them. As for their enemies, they were declared malevolent in the present and in the past. This point of view is exactly opposite to Turgot's. In the discourse he delivered as prior of the Sarbonne, he attributes to Christianity the changes effected in social morality and in public law, and in so doing he precedes the historians of our times. Without himself being a believer, and solely from philosophical and historical impartiality, he could write lines such as these which no other philosopher of his time would have written:

"The religious principle alone could be strong enough to effect a revolution in the ideas of men by insensible degrees, and to act upon their hearts. No other principle could have fought against and overcome united interest and prejudice." He applies this observation particularly to slavery and other iniquities consecrated by the customs and laws of antiquity. "Could the crime of all times, the crime of all nations, the crime of the laws themselves, excite remorse and produce a general revolution in minds?"—"Christianity has set forth the rights of humanity in all their light."—

* We have given some account of it in 1884 in the *Journal des Débats*, and brought out these differences by analyses and quotations.

"By the Christian religion the slaves have become free, and if it has not everywhere abolished servitude (for want of formal texts, he says), it has everywhere mitigated it. The barbarism of the public law of the ancients has been abolished or mitigated. War has been so in more than one fashion; the victors and the vanquished receive the same treatment in the same hospitals." To the same source Turgot refers those ideas of human equality and fraternity, which were to be called to so great a future in the name of philosophy itself.

The second Sarbonne discourse, on the progress of the human mind seems, with reason to M. Say, superior to this sketch, but it merely confirms its views. It has its full import only when it is not separated from the more extended "Plan" of universal history and of the progress of the human mind, which was separately published, and which forms the necessary commentary on this sketch. Turgot's historical philosophy is completed by a beautiful plan of "Political Geography." These are the connecting parts of a whole, wanting achievement, but of a great breadth of view. Turgot is known as one of the principal promoters of the idea of perfectibility. It is to his honor to have understood all its elements without partisan spirit, and without sectarian hate. To remark this is to do homage to the breadth, to the loftiness of his intellect, and to his presentiments of the future.

II.

Passing to the economist, M. Say does at once a work of exposition and of criticism: I mean of criticism when there is room for it, for certain writings of Turgot are irreproachable masterpieces. The physiocratic portion comes in for most of the reservations often formulated before by J. B. Say, more severe, perhaps, than his grandson towards the school whose place he took. From Adam Smith and from his own reflections he had some surer ideas on the fundamental notions of the science and on its true limits. More than his master himself he had the spirit of classification, that essential part of the scientific mind. Carrying into economic science, limited to its own domain, the torch of analysis, and going step by step from one question to another, he broke with the too adventurous syntheses of his predecessors. These syntheses had no doubt the merit of often seizing upon the connection of things, but they were wrong in confusing them too much. M. Léon Say seems more disposed, and this is praiseworthy, to give credit for services rendered than to dwell upon the errors which he sometimes notes.

[TO BE CONTINUED.]

TRUST DEPOSITS, AND MEMORANDA ON CHECKS.

SUPREME COURT OF ILLINOIS.

State National Bank v. Reilly.

Where the account kept by a United States depository with a United States court was in conformity with the Revised Statutes, it appeared that, when each deposit was made, the name or number of the case to which it belonged was entered opposite it, in the bank's books, and all checks bore corresponding names or numbers. *Held*, this did not charge the bank with any obligation to the beneficiaries of the fund, and when the account was exhausted, in the usual way, its liability ended.

Memoranda on the margin or in the body of a check, enumerating facts for the convenience of the depositor, and as a guide to the bank that the money is not being misappropriated, does not change the right of the bank, or make it its duty to treat the account other than an entirety.

SCOTT, J. This suit was brought by James Reilly against the State National Bank on a dividend warrant, or check, drawn by the clerk of the district court of the United States for the Southern district of Illinois, on a fund deposited to the credit of that court, by the present clerk and his predecessor, with the defendant bank, for the sum of \$221.17. The check is countersigned by the judge of that court, and is an absolute order to pay that sum of money to plaintiff. It is in the usual form of a bank check, drawn upon the general fund of the drawer, without specifying any particular fund out of which it is payable, and differs from such check only in the fact it has, on the face of it, some marginal *memoranda*, and also some in the body of the check, to both of which reference will be made further on. The facts out of which this litigation arises appear either from the stipulation of the parties, or are so fully proven that no controversy exists as to them. At the trial, defendant submitted several propositions to be held as law applicable to the case, which the court refused; and that ruling of the court is assigned for error. As the first of the series of propositions submitted, if correct, is conclusive of the whole cause, it will not be necessary to notice or comment on the others. It is "that the law is, upon the facts in evidence, that the plaintiff is not entitled to recover." Section 995, Rev. St. U. S., provides: "All moneys paid into any court of the United States, or received by the officers thereof, in any cause pending or adjudicated in such court, shall be forthwith deposited with the treasurer and assistant, or a designated depository of the United States, in the name and to the credit of such court." Conforming to this act of Congress, what is called "Rule 28 in Bankruptcy" provides, among other things, that "the district court, in each district, shall designate certain national banks, if there are any within the judicial district, or, if there are none, then some other safe depository, in which all moneys received by assignees, or paid into court, in the course of any proceedings in bankruptcy, shall be deposited; and every assignee, and the clerk of said court, shall deposit all sums received by them severally, on account of any bankrupt's estate, in one designated depository, and every clerk shall make a report to the court of the funds received by him, and of deposits made by him, on the first Monday of every month." The rule makes it the duty of assignees to make certain reports to registers in bankruptcy, and defines the duty of such registers, and then further declares: "No money so deposited shall be drawn from such depository unless

upon a check, or warrant, signed by the clerk of the court, or by an assignee, and countersigned by the judge of the court, or one of the registers designated for that purpose, stating the date, the sum, and the account for which it is drawn."

There is no doubt it was in compliance with the act of Congress cited, and the rule in bankruptcy on the same subject, that about the first of March, 1873, the defendant bank was designated a depository for the "United States District Court for the Southern District of Illinois." Shortly thereafter George P. Bowen, since deceased, then clerk of such court, made the first deposit of funds belonging to the registry of the court with the defendant bank, and the bank then, by his direction, opened an account with the "United States District Court for the Southern District of Illinois," and entered such deposit to the credit of that court. The clerk continued to make deposits of funds belonging to the registry of the court with the bank up to the time of his death, which occurred in February, 1880, and the bank continued to enter such deposits to the credit of the court, in the manner directed by the clerk making the same. At first, each deposit so made by the clerk was, by the bank, entered on its books, and in the deposit book of the clerk, to the credit of the particular case (naming the case), with the number to which the funds so deposited belonged; that afterward, by direction of the clerk, all deposits so made were entered by the bank in the name of "The United States District Court for the Southern District of Illinois," dropping the name but retaining the number of the case; as, for example, "1876. January 21st, to Dep. 1637, \$5,200." It is admitted the bank understood, when these entries were made, the number on either side of the account referred to the case in which the deposit, in the first place, was made, and on which the check, in the second place, was drawn. The evidence shows, and indeed the admission goes that far, that the bank always treated the account as an entirety, and paid out of it all checks drawn by the clerk and countersigned by the judge, until the deposits were exhausted. This mode of keeping the account, and making payments out of it, seems to have been acquiesced in by the court, and its principal officer—the clerk under whose directions the deposits were made—for it is admitted that between the time of the first deposit in March, 1873, and the death of Bowen, in 1880, the bank balanced the account with the court nine different times; returning all checks to the clerk at each balancing, and entering the case-number and amount of each check so returned, in the depositor's book. That is the usual course when a depositor draws on his funds in bank as an entirety; and had this not been in conformity with the act of Congress, and rule 28 in bankruptcy, on the same subject, it is hardly probable the court would have permitted its account to be kept in that way, and payments to be made out of it, as was done through so many years, without interposing some objections or requiring it to be kept otherwise. It does not appear any objection was ever made to that mode of treating the account, and it seems but reasonable to conclude it was satisfactory to the court. The check in suit was given to plaintiff for a dividend due him from the bankrupt estate of H. Sandford & Co. The case was numbered 2,105. Prior to his death, Bowen had made large deposits with defendant of funds derived from that estate, and, after his death, his successor in office made quite large deposits of funds received from the same estate in precisely the same way Bowen had been accustomed to do. It appears that of the funds deposited as having been received in case No. 2,105, after deducting all checks drawn for dividends in that particular case, including the check in suit, there would remain a considerable balance

to the credit of that case, if the same had not previously been paid out on the check drawn by the clerk, and countersigned by the judge, of the court. The difficulty arises out of the admitted fact that the former clerk failed to deposit all the funds that came to his hands belonging to the registry of the court. Had he done so, there would, of course, have been enough in the bank with which to pay all checks drawn upon the funds of the court. Payment of the check in suit was refused because the bank, prior to its date, which is May 12, 1881, had actually paid out on checks similar to this one, signed by the clerk and countersigned by the judge, and differing as to the number of the case, names, dates, and amounts, all funds ever deposited with it to the credit of the court, either by Bowen or his successor in office.

The principle upon which plaintiff seeks to recover is that the bank had notice, by the manner of receiving and keeping the account, and the form of the checks, that the moneys deposited as having been received from No. 2,105 could only be paid to persons presenting checks containing that number, and that making payments otherwise was a misappropriation of such funds in his possession. The position assumed does not, in the opinion of this court, seem to be warranted by either the facts or the law. That the deposits made by the respective clerks of the court were trust funds, and were known to the bank to be such at the time the deposits were made, will be conceded and taken for granted in all the further consideration of the case. It then becomes a question of law what duty the bank owed to the beneficiaries in regard to such funds. A depository of trust funds, whether a corporation or an individual, may not divert such funds from the beneficiaries, for private debts or otherwise, and the beneficiaries could, no doubt, compel such trustees to preserve such funds for their benefit. The law in respect to the duties of trustees, in regard to trust funds committed to them, is so well understood that no discussion of that branch of the law is deemed necessary. It is proper, however, to bear constantly in mind the fact that the depository or trustee in this instance is a banking corporation, and that the trust funds were placed in its custody for the purpose of being checked out by the depositor for the use of the beneficiaries entitled to the same. The law on this branch of the case is well expressed in the opinion of the court in *Bank v. Insurance Co.*, 104 U. S. 54. where it is said: "A bank account, it is true, even when it is a trust fund, and designated as such, by being kept in the name of the depositor as *trustee*, differs from other trust funds which are permanently invested for the sake of being held as such; for a bank account is made to be checked against, and represents a series of current transactions. The contract between the bank and the depositor is that the former will pay according to the checks of the latter, and when drawn in proper form, the bank is bound to presume that the trustee is in the course of lawfully performing his duty, and to honor them accordingly." Certainly a bank may properly make payments on checks of the person whose deposits it holds until notice of some adverse claim. Otherwise there would be no safety for corporations transacting a banking business with its customers.

Applying these familiar principles, which accord with the common understanding of the manner in which banking business is usually transacted, the case in hand will present no serious difficulty. It will be seen the account was kept by the bank in exact conformity with act Cong. § 995, *ut supra*; that is, it was kept as a unit in the name of the court, requiring funds coming under its control to be deposited. No one can insist, with any show of reason, that this section of the United

States statute made it the duty of the court to cause its depository to keep a separate account with each case pending, or that had been adjusted, from which the deposits may have been received by the court or its officers. That is the appropriate work of the officers of the court, under its direct supervision. All the statute requires of the depository is that it safely keep all trust funds intrusted to its custody by the court or its officers, and pay out the same on the checks or order of the court, through its proper officers. Further than that, the statute imposes no duty or obligations upon these designated depositories of the funds being administered under the direction of the United States courts; nor is it correct to say that rule 28 in bankruptcy has enlarged the duties imposed by the act of Congress upon the depository in this case, or placed it under different or other obligations in respect to the keeping of the account of funds intrusted to it by the court, under whose appointment it was acting. This rule was, no doubt, adopted with the view to point out more specifically the duties of certain officers of the court in respect to funds belonging to, or in the custody of, the court; but when subjected to a close study, it will be seen it adds nothing of any value to the statute on the same subject. As has been seen, the act of Congress requires that all moneys paid into any court of the United States, or received by the officers thereof, be forthwith deposited in a designated depository of the United States, "in the name and to the credit of the court." Rule 28 requires the same thing in regard to such funds, and nothing more. The insistence in argument seems to be that the phrase in rule 28, that "every assignee and the clerk of said court shall deposit all sums received by them, severally, on account of any bankrupt's estate, in one designated depository," requires that the account in the bank should be kept with each bankrupt estate, and not as a unit with the court. This does not seem to be a correct reading of the rule. It might be suggested the word "severally," as used in that connection, is not happily selected. Its meaning, as usually defined, is, "distinctly," "separately," "apart from others." Understanding the word "severally" in either sense, how are assignees and clerks to make deposits of funds coming to them in their official capacity? Obviously, it was to be done "separately" and "apart from others." What the rule really means is that "every assignee and the clerk" shall deposit all sums received by them, respectively, on account of any bankrupt estate, in one designated depository. That is its plain meaning, and nothing more. It will be noted also that rule 28 directs how, and in what manner, such trust funds may be withdrawn from such designated depositories. In that respect, while it is a little fuller, perhaps, it follows closely section 996, Rev. St. U. S., on the same subject, but makes no material change of the mode or manner of withdrawing such funds.

Holding then, as this court does, that the account was properly kept as a unit with, and in the name of, "The District Court of the United States for the Southern District of Illinois," in conformity with the act of Congress and rule 28 in bankruptcy, and that it was properly withdrawn on checks, drawn as directed by the statute, and the same rule for the benefit of beneficiaries entitled to share in the common funds, there was no misappropriation of such funds by the bank, and there is and can be no liability upon the bank for any deficit in the amount due such beneficiaries, arising from the wrongful conduct of the former clerk in omitting to deposit all the trust funds that came to his hands as an officer of the court. This view would seem to be conclusive of the whole case, and to render further discussion unnecessary; but as great stress is laid on the fact that certain *memoranda* appear on the face of all

checks drawn against the funds in the hands of the bank, that phase of the case will briefly be remarked upon. Over the check was written or printed: "In the District Court of the United States for the Southern District of Illinois." "Check No. 53." "Case No. 2,105." "In the Matter of H. Sandford & Company, Bankrupts." In the body of the check it is said, the sum directed to be paid to plaintiff "being in full for the dividend of 7-10 per cent. declared April 30, 1881, on his claim for \$31,380, proved against said bankrupt estate." No doubt the check was drawn in this form for the reason the statute requires that "every such order shall state the cause in, or on account of, which it is drawn." Rule 28 in substance requires the same thing. It cannot be known certainly why it was made necessary every such order should contain these things or this particular information. Many reasons might be suggested why it should be so. *First*, it was an assurance from the court to the bank that the trust funds in its custody were being withdrawn for the use of beneficiaries, and were, therefore, not being misappropriated; *second*, it might be of advantage to the court and its officers in making up the accounts with each estate in bankruptcy pending, or that had been adjudicated, in the court; and, *third*, it would be a convenient mode of obtaining vouchers from the parties receiving dividends, that would operate as a protection to the officers making such payments. What reason may have existed for so providing by statute, and by rule, matters little. It is only important it is declared the check or order for withdrawing such funds shall contain the things enumerated. Without looking for a reason why it is so, the only concern is what such *memoranda* indicated, or what obligation, if any, there was thereby imposed upon the bank. Beyond what has already been said, that it was an assurance, from the court itself, the funds were being withdrawn for a legitimate purpose, it is not perceived the *memoranda*, either on the margin or in the body of the check, contained anything for the guidance or information of the bank in any manner whatever, nor was the bank under any legal duty to observe such *memoranda*. The bank could not know, nor was it important it should know, that "H. Sandford & Company" were the bankrupts whose estate was being administered in "Case No. 2,105," nor that the payee of the check was a creditor of such bankrupt, nor that the sum ordered to be paid him was in full of a dividend declared at a certain date, and was a certain per cent. of his claim allowed against the estate of such bankrupts. These were matters exclusively within the knowledge of the court and its officers, and with which the bank had no rightful authority to intermeddle. It is well known, and the testimony is full to that point, the practice among banks, paying checks of their depositors, is not to observe *memoranda* upon such checks; but the custom is to regard them as having been made for the convenience of the drawers, and the practice in that regard, it is thought, has the sanction of the law in its support.

The judgment of the appellate and circuit courts will be reversed, and the cause remanded to the circuit court. Judgment reversed.

Shope and Magruder, JJ. We do not concur in this decision.

OFFICIAL BOND—LIABILITY OF SURETY.

COURT OF APPEALS OF MARYLAND.

First National Bank v. Gerke.

When a surety on a bond stands bound for the fidelity or capacity of a principal appointed to a particular office or employment, and the nature of the employment is so changed by the act of the employer that the risk of the surety is materially altered from that contemplated by the parties at the time of entering into the bond, the surety has a right to say that his obligation does not extend to such altered state of things.

A bond was given for the faithful performance by L. of the duties of clerk in a bank. Afterwards L.'s duties were several times changed, and he became note-teller and discount clerk. The latter position was entirely different from the original clerkship, and of much greater responsibility. In a suit by the bank against the obligor in the bond for damages sustained by the misconduct of L. while acting as note-teller and discount clerk, it is *held*: The obligor is not liable, there having been a total change in the character of employment.

ALVEY, C. J.—This action was brought upon a bond by the appellant against John D. Lisle and the appellee, the latter being surety; Lisle, the principal in the bond, having absconded, was returned "not summoned."

The bond bears date the 13th of August, 1867, and was given by Lisle upon his appointment by the appellant to the position of assistant bookkeeper in its banking house. The bond recites that "whereas the above bound John D. Lisle hath been duly appointed a clerk of the said First National Bank of Baltimore": therefore the condition of the obligation is such "that if the said John D. Lisle, for and during the time he shall continue in employment in the said First National Bank of Baltimore, shall faithfully and honestly perform all the duties and services in the said First National Bank of Baltimore, which shall, from time to time, be required of him by the board of directors of said bank, or the president or cashier thereof, or by or under their authority, and faithfully and honestly fulfill all the trusts that shall be by them, or by or under their authority, in him reposed, in his said appointment of clerk of the said First National Bank of Baltimore, then this obligation to be void, otherwise to be and remain in full force and virtue." The bond was duly accepted and approved by the board of directors as the "bond of John D. Lisle as clerk." The appellee pleaded general performance of the condition of the bond, and that plea was simply, in an informal way, traversed by the appellant, and thus an issue was formed, upon which the case was tried. The proof in the case shows that Lisle remained in the employ of the bank from a time prior to the date of the bond in August, 1867, to the 27th of January, 1887, and that during that time his clerical position and the amount of his salary were repeatedly changed. His duties and functions were not only multiplied and enlarged, but his responsibility and his facility for peculation were greatly increased. From being an assistant bookkeeper at the time the bond was given and accepted, he was, in June, 1870, appointed to the position of deposit bookkeeper, and in November, 1871, he was made discount and foreign collection clerk. This latter position he held until January, 1872, when he was placed in the position of note teller and discount clerk, which position he held down to the time of his leaving the bank. The duties of his position of note teller and discount clerk required him to keep separate, and to collect as they fell due, all the notes discounted by the bank, and to collect all checks and drafts com-

ing to the bank for collection; and the money thus received by him it was his duty to account for and pay over to the receiving teller at the end of each day, or at the beginning of the next day. These duties and functions pertained to the position assigned to Lisle and held by him from January, 1872, to the time of his absconding; and all the large defalcation, amounting in the aggregate to near about \$90,000, was committed by him during the time that he held the position of note teller and discount clerk. As assistant bookkeeper, the position held by him at the time the bond was given, it was no part of his duty to receive or pay out any of the moneys of the bank; and it was in proof that the appellee was informed by Lisle, at the time the bond was given, that he, Lisle, was appointed to the position of assistant bookkeeper in the bank.

Upon all the evidence the appellant asked the court to instruct the jury that, if they should find that Lisle, from the delivery of the bond to the time of his leaving the bank, acted as clerk in the bank, and that while so acting he received sums of money belonging to the bank which he fraudulently retained, the appellant was entitled to recover. This prayer was rejected by the court, and we think rightly so. It proceeds upon the theory that as long as Lisle continued to hold a clerical position in the bank, the terms of the condition of the bond applied to him, and operated as a security for the faithful discharge of his duties, and is therefore liable for his defalcations, notwithstanding any radical change made in his position in the bank, and in the nature and character of the duties required of him in his changed position after the bond was given. This would certainly be a very severe construction of the bond, and to justify it the bond should contain very plain and imperative terms, such as we do not find it to contain. The bond should receive reasonable construction, made in the view of the facts under which it was executed, and therefore the construction adopted by the court below would seem to be proper under all the circumstances of the case. By the instruction given, at the instance of the appellee, the jury were directed that if they should find that, when the bond was given, Lisle was but an assistant bookkeeper in the bank; that in 1872 he was taken from the position he then occupied and was given the position of note-teller and discount clerk, and never after such appointment occupied the position of assistant bookkeeper or individual bookkeeper; and that the duties and responsibilities of said position of note-teller and discount clerk were materially different from the duties of the position of assistant bookkeeper and from those of individual bookkeeper; and that while occupying the position of note-teller and discount clerk, Lisle appropriated to his own use the money of the bank, and was enabled to do so because of the opportunity afforded to him in the handling of the moneys of the bank in the course of the discharge of the duties of his position of note-teller and discount clerk; and that no opportunity would have been afforded him to appropriate such money in his position as assistant or as individual bookkeeper—then the appellant could not recover. In our judgment this instruction placed the case fairly before the jury, and as they are presumed to have found their verdict in accordance with the instruction, there is nothing in the case of which the appellant can complain.

It is one of the well-established principles of law that the obligation of a surety is not to be extended beyond what the terms of the contract fairly import. A surety has a right to stand upon the very terms of his contract, and if he does not assent to any variation of it, and a variation is made, such variation operates as a release of the surety. In a case of a surety standing bound for the fidelity or capacity of a principal

appointed to a particular office or employment, if the nature of the employment is so changed by the act of the employer, that the risk of the surety is materially altered from what was contemplated by the parties at the time of entering into the bond, the surety has a right to say that his obligation does not extend to such altered state of things. This is a doctrine in regard to which the authorities all agree. (*Miller v. Stewart*, 9 Wheat. 680; *Pybus v. Gibb*, 6 El. & B. 902; *Manufacturers National Bank v. Dickerson*, 12 Vroom 448; *Mumford v. M. & C. R. Co.*, 2 Lea 393.) And it is a principle of universal application, that in order to arrive at the intention of the parties, the contract itself must be read in the light of circumstances under which it was entered into. General or indefinite terms employed in the contract may be thus explained or restricted in their meaning and application, and the contract must be so construed as to give it such effect, and none other, as the parties intended at the time it was made. These principles are elementary, and applying them to the terms of the bond when those terms are considered in reference to the facts of the case, there would seem to be no doubt of the correctness of the ruling of the court below.

As we have said, regard must be had to the intention of the parties when the bond was executed; and whatever facts will shed light upon the question of intention may be considered in construing the bond. (*Mumford v. M. & C. Co.*, *supra*.) Hence we may look to the position held in the bank by Lisle at the time the bond was given. He had been appointed assistant bookkeeper, and it was with reference to that appointment that the bond was given to and accepted by the bank. The bond recites the fact that Lisle had been appointed a clerk in the bank, and the extrinsic facts identify the clerkship as that of assistant bookkeeper. That position, however, had not at the time of bond given, and has never had any of the duties and functions pertaining to it that pertain to the position of note-teller and discount clerk, to which Lisle was subsequently appointed. This latter position was one entirely different from that of bookkeeper, and was of great responsibility, and, from its very nature, was of much greater risk and peril to the surety than the former positions held by Lisle.

It is true, the terms of the condition of the bond are very large and comprehensive, but they all have reference to the previous appointment as clerk. By the terms of the bond it was certainly competent to the board of directors, or to the president or cashier, to impose additional consistent duties upon Lisle to those then pertaining to the position of bookkeeper, but not to impose duties upon him that would entirely change the nature and grade of his position in the bank, and enhance his responsibility, and thereby essentially increase the risk to the surety on his bond. This could only be done by the assent of the surety, and it is not pretended that such assent was ever obtained; and this is strictly in accordance with the principle maintained by this court in the case of *Straubridge v. B. & O. R. R. Co.*, 14 Md. 360. In that case it was held that the surety was not exonerated, but it was so held because it was found that the nature of the agent's duties was not changed, and no new or different duty was imposed upon him by the alteration in the regulations of the company at the particular station. Indeed, it was conceded by the court that, if the employment and duties of the agent had been essentially changed, the surety would not have been liable, and no well-considered case has been cited that gives sanction to a different principle.

It follows from what we have said that the judgment below must be affirmed. Judgment affirmed.

APPLICATION OF ASSIGNOR'S DEPOSIT TO UNMATURED PAPER.

SUPREME COURT OF PENNSYLVANIA.

Chipman & Holt v. The Ninth National Bank.

At the time of making an assignment for creditors, the assignor had on deposit in bank a cash balance, and at the same time the bank held commercial paper of the assignor's which had not yet matured: *Held*, on suit by the assignee against the bank for the deposit, that the said commercial paper could not be set off.

STERRETT, J.—On September 3, 1887, when Chipman & Holt assigned all their property to the use of plaintiff, in trust for the benefit of their creditors, they had on deposit in defendant bank a cash balance of \$3,069.61, subject to their check. Formal demand on the bank for that amount was made by the assignee on the second day thereafter, and payment being refused he brought this suit on November 5th following. At the time of the assignment, the bank held several pieces of the assignors' immatured commercial paper, some of which, amounting to over \$7,000, matured after demand and before suit by the assignee, and the bank now seeks to avail itself of that amount as a set-off in this action. Whether it has a right to do so or not is the question presented by the affidavit of defense.

It is clear that, at the date of the assignment, the bank had no lien on or set off against the amount then on deposit to the credit of Chipman & Holt, the assignors; and, as was held in Marks' Appeal, 85 Pa. 231, the assignee, in virtue of the assignment, and as trustee for the creditors, was then entitled "to assert his and their rights to any property of the assignors which passed by the assignment, against any person claiming by subsequent transfer, attachment, judgment, execution or any other lien." The reason of this is that the status of the assignors' debtors, as well as their creditors, is fixed by the assignment in trust for the latter. Their creditors can neither attach nor levy on any of the assigned assets; nor can their debtors buy up claims against them, and set off the same against their indebtedness to the assigned estate; but, as was held in *Jordan v. Sharlock*, 84 Penna. 366, in a suit by the assignee upon a note to his assignor, matured after the assignment, the defendant may set off a debt due to him by the assignor at the time of the assignment, for the reason that when the note in suit passed to the assignee, by virtue of the assignment, the defendant had a demand against the assignor on which he had an immediate right of action. The defendant bank in this case had no such right at the date of the assignment; and as a creditor of the assignor, holding notes that matured after all the property, including the money on deposit, had passed to the beneficial plaintiff in trust for all the creditors, the bank is in no better condition than they are.

The general principle, as stated in Burrill on Assignment, Sec. 403, appears to be, that "a claim acquired after the assignment cannot be set off against the assignee, nor a liability existing but not due at the time of the assignment, even if it becomes due before suit commenced." *Beckwith v. The Union Bank*, 9 N. Y. 211, recognizes the same principle, and it appears to be a reasonable one. In that case, an insolvent firm, having money on deposit in bank, made a general assignment for the benefit of creditors. Shortly thereafter, but before notice of the

assignment, a bill against the firm, held by the bank, exceeding the sum on deposit, matured and was charged by the bank to the account of the firm. In a suit brought by the assignee for the deposit, it was held that as against him the bank had no right to apply the money on deposit to the payment of the dishonored bill, notwithstanding the fact that it was the holder of the bill at the date of the assignment. The reason given is that at the time of the assignment the bank had no lien on the deposit that would have interfered with the right of the assignors to draw the same; that by virtue of the assignment their right to do so passed to the assignee in trust for the creditors. It was also held that to perfect that right, notice of the assignment was unnecessary, save only that in default of notice the bank might have so dealt as to have affected his rights by its subsequent acts. We are therefore of opinion that the affidavit of defense is insufficient, and the rule for judgment should have been made absolute.

It is now ordered that the record be remitted to the court below, with instructions to enter judgment against defendant for such sum as to right and justice may belong, unless other legal or equitable cause be shown why such judgment should not be so entered.

LEGAL MISCELLANY.

WE much regret that an error in a name should have crept into the case of *Jones v. Johnson*, published in the June number. Julius Dorn should have appeared, instead of George P. Doern. The error was in the original report of the case. A correspondent says of George P. Doern, that "a more noble man never lived, upright, honest and just."

BANKS — NATIONAL — SHAREHOLDERS — MARRIED WOMEN. — The separate property of a married woman can be charged by an action at law to satisfy an assessment levied against the stockholders of a national bank on its insolvency. [*Witters v. Sowles*, U. S. C. C. Vt.]

BILLS AND NOTES — BONA FIDE PURCHASER — EXECUTOR. — When a person is a *bona fide* purchaser for value of an overdue promissory note from an administrator, which belongs to the estate, and which the deceased had indorsed in blank, the purchaser knowing nothing about the note except what its face showed, he cannot be sued for the proceeds of the note collected by him, though the administrator has applied the purchase money to his own use. [*Neuhoff v. O'Reilly*, S. C. Mo.]

BILLS AND NOTES — CONSIDERATION. — A note executed to the maker's son in lieu of land promised, if the latter would not leave the State, is without consideration, when the evidence fails to show that he had intended to leave, and had abandoned that intention on receiving the note. [*Head v. Baldwin*, S. C. Ala.]

BILLS AND NOTES — INNOCENT HOLDER — TRANSFER. — One who buys a negotiable note from a *bona fide* holder for value is protected from the equities existing against it, though he was aware of them when he purchased. [*Bodley v. Emporia National Bank*, S. C. Kan.]

EVIDENCE — PROMISSORY NOTE. — In an action on a promissory note, a memorandum book showing payments on the note is not admissible in evidence. [*Wells v. Ayres*, S. C. App. Va.]

BILLS AND NOTES—SURETIES—CONTRIBUTION.—Under California law, a surety on a promissory note, payable on demand, which is not presented for a year, may pay it and demand contribution from his co-surety. [*Machado v. Fernandez*, S. C. Cal.]

BILLS AND NOTES—SECURITIES—TRANSFER.—A purchaser of a note takes the special mortgage securing it and the vendor's privilege, even if the payment is made to the sheriff when the note is in suit by executory process, provided it is a purchase from the seizing creditor. [*Succession of Forstall*, S. C. La.]

BAILMENT—CONVERSION.—Where the plaintiff deposited money with a banking firm for the purpose of having it loaned out by them, and they take the deposit and loan it to another firm, of which some of the first firm are members, receiving a note therefor, the plaintiff can recover on the note against the second firm. [*Wiley v. Stewart*, S. C. Ill.]

BILLS AND NOTES—CONSIDERATION—ASSIGNMENT.—In a suit by an assignee of a note for purchase money of land, when the vendor admits the assignment, it is immaterial whether the assignee paid any consideration. [*Thacker v. Booth*, Ky. Ct. of App.]

BANKS—SPECIAL DEPOSIT—PASSING TITLE.—An insolvent cashier of a bank, who was largely indebted, put some of his own securities in a package and placed it with similar packages left there for safe keeping. He intended therewith to secure payment of drafts securing his indebtedness to the bank. He did not indorse the securities. The drafts were entered on the books as paid, and the item of the bonds of the bank was increased by the value of these securities. *Held*, that the title did not pass to the bank. [*Witlers v. Sowles*, U. S. C. C. Vt.]

BILL OF LADING—CONTRACT—SIGHT DRAFT.—Where a party agrees with another to pay the sight draft of a third person, drawn against a consignment to him of cattle and hogs, he is bound to pay such sight drafts upon receipt of the bill of lading. [*Commercial, etc. Co. v. Pfeffer*, N. Y. Ct. of App.]

BILLS AND NOTES—ACCOMMODATION—AGREEMENT.—An agreement between the drawer and the accommodation acceptor of a bill of exchange, that it shall be negotiated at a particular bank, cannot affect a *bona fide* holder thereof, ignorant of the agreement, who has taken it for a pre-existing debt. [*Frank v. Quast*, Ky. Ct. of App.]

BILLS AND NOTES—ACTION—INDORSEMENT.—When A draws a draft on B, payable to himself or order, which B accepts, A has a statutory action thereon against B, though he has not indorsed it. [*Cooper v. Jones*, S. C. Ga.]

BILLS AND NOTES—FILLING BLANKS.—When the maker of a promissory note leaves blanks in it, he cannot object if the blanks are filled before the note reaches an innocent holder. [*Lowden v. Schohane Co. N. Bank*, S. C. Kan.]

NEGOTIABLE INSTRUMENT—INDORSEMENT.—Where a note is signed by one person only, though it reads "we or either of us promise to pay," and is indorsed in blank by another person, that person is liable as second indorser after the payee. [*Neal v. Wilson*, S. C. Ga.]

BILLS AND NOTES—COLLATERAL SECURITY—EQUITIES.—When a promissory note is deposited as collateral security for an existing debt, without any new consideration, it is subject to equities. [*Haden v. Lehman*, S. C. Ala.]

CONTRACT—LEGAL CONTRACT—USURY.—Where a contract is made in which one of the parties agrees to lend to the other a sum of money at usurious interest, and afterwards refuses to do so, and, in consequence of such refusal, the would-be borrower suffers a loss, he has no cause of action against the lender for a breach of the illegal contract. [*Brown v. Baer*, S. C. Ga.]

BILLS AND NOTES—COLLATERAL SECURITY—EQUITIES.—Notes held as collateral security for a debt due from the payee are subject to equities as to the amount thereof beyond the debt for which they are pledged. [*Hatcher v. Independence National Bank*, S. C. Ga.]

BILLS AND NOTES—INDORSEMENT—PRESUMPTION.—Where a negotiable note, payable some time after its date, is indorsed to the plaintiffs, it is a presumption of law that it was indorsed before maturity, and it is not subject to equities in such case. [*Hatcher v. National Bank*, S. C. Ga.]

BILLS AND NOTES—PAYMENTS AFTER MATURITY.—A holder of a note who transfers it after maturity without notice to the maker, cannot hold such maker for payments made thereafter to his authorized agent. [*Quinn v. Dresbach*, S. C. Cal.]

BILLS AND NOTES—PLACE OF PAYMENT.—A promissory note, payable at a railroad station where there are several houses and stores, is not commercial paper, under Alabama laws. [*Haden v. Lehman*, S. C. Ala.]

NEGOTIABLE PAPER—INDORSEMENT—ACCOMMODATION INDORSER.—An accommodation indorsement is a general loan of the credit of the indorser, but a special agreement may be made by which it becomes a special loan, and if the note is used for any other purpose, the indorser will be released. [*Cosens v. Middleton*, S. C. Penn.]

NEGOTIABLE PAPER—TRANSFER BEFORE MATURITY.—Where one transfers a promissory note before maturity, in payment of an antecedent debt to a creditor who has no notice of any defense to it, the creditor can recover on the note. [*Hart v. United States, etc. Co.*, S. C. Penn.]

PRINCIPAL AND AGENT—COMMISSIONERS.—An agent found a purchaser, who paid part of the price and tendered the rest in checks, which were refused. After the time specified had passed, he conveyed the property to his father, saying that he did not intend to pay the agent any commission. The father conveyed to the first purchaser on the payment of the balance agreed on: *Held*, that the agent was entitled to his commission. [*Wilson v. Sturgis*, S. C. Cal.]

BILLS AND NOTES—ALTERATION.—Any material alteration, though innocently done, in an indorsement of a promissory note without the knowledge of the indorser, invalidates the indorsement. [*Davis v. Eppler*, S. C. Kan.]

BILLS AND NOTES—PRESENTMENT FOR PAYMENT.—When the holder of a note cannot with due diligence ascertain the residence of the makers, it is sufficient demand for payment that he has the note when due, ready to be presented at the place where it is dated. [*Davis v. Eppler*, S. C. Kan.]

EMBEZZLEMENT—BANKING.—A cashier of an unincorporated banking association is guilty of embezzlement, under the laws of Ohio, if he appropriates the funds of the association to his own use, although he may be a shareholder in the association. [*State v. Kusnick*, S. C. Ohio.]

BILLS AND NOTES—INDORSEMENT—NOTICE.—A forged draft was indorsed to be paid to A for the account of the payee, and before payment, A stamped it paid with his name attached, and received the money from the drawee, and paid it to the payee before notice of any fraud: *Held*, that A was not liable to the drawee for the money received. [*Vogel v. Ball*, S. C. Texas.]

CHINESE BANKING GUILDS.

The following account of these curious institutions is taken from a paper contributed to the Journal of the China Branch of the Royal Asiatic Society, by Dr. D. J. Macgowan.

NINGPO BANKERS' GUILD.

A few years ago the constitution of the guild underwent a change for the better, which is undiscoverable in its present rules. It was until recently the practice of bankers of that city to hold sessions twice a day in a thoroughfare that may be denominated the "Wall street" of Ningpo, for the purpose of speculating in the market value of dollars as quoted in the next dispatches from Soochow, or from Shanghai when that port took the place of the former as money mart. To a stranger the spectacle presented the appearance of a crowd of excited madmen escaped from confinement. For more than an hour every forenoon, and for the same time every afternoon, they thronged the street, so as to render it almost impassable; all the time vociferating, so that the din was deafening, and business had to be conducted by dactylonomy, indicating by fingers fractions of sums for which dollars were offered for sale, or sums which buyers were willing to give—*e. g.*, \$10 would be offered for sale by outstretched digits at 1,130 coppers; if accepted bull and bear retired and made a record of the transaction, and on the arrival of intelligence from the money market, if the dollar varied in value a copper from the figure fixed upon, one paid the other 10,000 coppers. Sellers and buyers were generally brokers, having for constituents bankers, money-changers, merchants, traders, scholars—all classes, in fine, were so fascinated by this form of gambling as to plunge wildly into a vortex of speculation. More dollars than the city contained would be sold and purchased in a few hours. Occasionally a check would be imposed on the maniacs. When insolvency and suicide followed a disastrous speculation, a magisterial proclamation would be fulminated, interdicting "fictitious dealing in dollars," and for a time a Sabbath stillness would pervade 'change; but soon official vision would be blurred by a process known to all mankind. "Wall street" again became as lively as ever.

I once took Sir Rutherford Alcock to witness the spectacle of bidding on the prospective value of dollars; he pronounced it one of the most striking scenes he had ever witnessed. Ultimately the evil effected its own cure. When native speculators at Shanghai had floated various giant stock companies, and the gambling in shares became rife, Ningpo became more than ever infatuated by the dollar-jobbing mania; and when the crash took place at Shanghai, great defalcations were discovered at Ningpo, involving chiefly young clerks and bankers' sons. Ruin was brought upon many, and suicides by opium or drowning followed to an unprecedented extent. These disasters moved the money-

dealing community to suppress fictitious dollar-dealing, by forbidding the practice to its members ; but a class of brokers had come into existence which did not recognize the guild. Sham-dollar selling had become a profession in itself, and was employed by the gambling public generally. Bankers petitioned the magistrate for a proclamation against the brokers who had organized a guild of their own, and which threatened disobedience and resistance ; they were only placated by receiving aid from the authorities until they found other occupations. Thus a custom that had existed long anterior to the first appearance of dollars, about 1726, ceased at once ; before that date the value of silver ingots in coppers was a subject of speculation from an unknown period.

Now all the meetings are restricted to the guild hall, on the walls of which are the following regulations :

Preamble.—In examining the chapter on “Affluence through trade,” in Sz-machien (the so-called Herodotus of China, *circa* B. C. 163–85), we find his thoughts on “the increase of goods” [in a biographical sketch of Kuan Chung (about B. C. 645), among the most illustrious statesmen of Chinese history, who was originally a merchant] ; and in the Analects we find a weighty remark of Confucius, who says : “There is a great course for the production of wealth. Let the producers be many, and the consumers be few. Let there be activity in the production, and economy in the expenditure. Then the wealth will always be ample.” Consequently, those at hand will be gratified, and others assemble from a distance, and amicable mercantile intercourse becomes protracted, as a natural result.

Our profession of money-dealing originated on the establishment of the nine bureaus of the treasury department of the Chou dynasty (B. C. 1122). But the division into five degrees of weights dates from the Han era. It is of urgent importance that those who have should be able to exchange with those who want, and that small coppers should be exchanged for large ones—for convenience of the people on the one hand and for government finances and taxes on the other ; in fine, our occupation is the pivot of commerce.

Then follows an account of the vicissitudes of the guild during the Taiping rebellion ; of the “happy restoration of peace through the combined military operations of Chinese and foreigners ; the revival of trade ; the encouraging prospects of the future,” and a devout wish for continued peace and prosperity, through accumulations of goods and double profits. Next, reference is made to their abandonment henceforth of paper money, and to the decision to restrict all transactions to ingots and dollars, owing to the changed condition of business affairs [of their accord bankers then made an end of free banking, which had led to many evils, though the chief reason for the change was the transfer of the money center from Soochow to Shanghai, which being now so near in point of time rendered paper money unnecessary], and at a meeting convened for the purpose, they agreed to conform to Shanghai usages in monetary transactions generally. The regulations then adopted are to be binding on all, without prevarication, all agreeing to circumspection from first to last ; to be equitable and diligent in the right mode of acquiring wealth. “Let all the gentlemen composing the guild co-operate in promoting the business of the port by correct and sincere endeavor.”

The first rule is creditable to the Ningpo bankers. It reads : “Amicable intercourse with foreigners has long subsisted, and it is incumbent that in commercial transactions we should embody the liberal feeling of the Emperor, and not fail to act in accordance with his intentions.”

Summary of thirteen rules then follows.

Administration.—A treasurer and a managing committee of twelve to be elected annually. The treasurer at the end of every month debits each member with an equal share of current expenses. Managers serve each one month by turns. Early every morning a manager must be present at the guild [which then becomes a clearing house]; each member bringing or sending his books, the bankers exchanging each others' drafts and settling the differences. Nothing under \$50 to be noted; all irregularities mulctable. An initiation fee of \$10. Sums accruing from such fees are placed at interest.

Currency.—Dollars and ingots (Mexican and Carolus dollars) to be taken at their respective values [Carolus, being heavier, at a premium] in copper or ingots. Eight descriptions of dollars not to be accepted—"light weight," "indistinct," "oily-like," "dull sound," "three-starred," "heads upside down," "coarse-edged," "thin-edged," and "yellow-tinged." Ingots of 45½ taels to pass current for fifty; but when further short of the standard weight the deficiency to be made good [of course fifty-tael ingots disappeared from Ningpo, or when used were at a proportionate premium]. Ingot and dollar deposits and payments to be made between noon and 2 P. M.

Interest.—Interest on accounts of \$500 and upwards to be paid at the ruling rule of the day. No one shall be pressed to lend money.

Sundry Rules.—Promissory notes deposited by the promisee are to be made good by him in the event of bankruptcy of the promiser. The seals of members to be stamped in the duplicate books of regulations, minutes kept by the treasurer and the managing board.

SHANGHAI BANKERS' GUILDS.

A satisfactory account of the Shanghai bankers' guilds would include a survey of all the intricacies of Chinese banking, on which my information is scant, and, besides, I lack the financial capacity to make the best of the documents before me, which consist mainly of numerous sheets of printed regulations.

As usual in guild promulgations, there is a classic preamble, which in this instance represents that "inquiry discloses that ways of commercial wealth have been transmitted by sages" [allusion is here made to Tzu Kung, one of the most famous disciples of Confucius, who acquired a fortune by trade before he devoted himself to learning]. "The 'carrying of cloth to exchange it for silk' (a phrase from the book of poetry compiled by Confucius) has been conducted from age to age without intermission, and imperial statutory laws have regulated money matters, which have been conducive to profits and repressive of abuses."

The bankers could add little to the above of an archaic character. No Chinese antiquarian that I wot of affords information on the early history of banking, although changing, depositing, and loaning money was doubtless almost coeval with money coining. At an early period we find emperors lending moneys to their lieges on interest. According to the Chou-li—"Polity of the Chou dynasty"—and commentary, a "money bureau" was established under the control of four officers, to whom imposts on commodities were paid and who loaned money to the people from whom labor was exacted as interest on the loans, the amount borrowed to be returned at the end of the year. This unique department also purchased unsalable goods, storing them until they could be disposed of at the price at which they were bought; and lending

sacrificial utensils for ancestral worship for the period of ten days, and funeral paraphernalia (mourning habiliments) for a month, without charge, paying over to the Emperor at the close of each year its surplus funds. Wu-ti, B. C. 179-141, committed to two officers the function of lending money on interest.

Two other instances occur in Chinese history of imperial money-lending. The usurper Wang Wang (A. D. 9-14) lent the smallest sums of money to his subjects at 3 per cent. per mensem. He was a merchant as well as banker, purchasing commodities when they were cheap and selling when prices rose. In this he claimed to be conforming to ancient precedent.

The other case of imperial banking was in A. D. 1068-85 when the reigning emperor lent semi-annually to his subjects sums of ten thousand cash, charging two thousand interest for the half-year. His usurious majesty also lent grain, but at higher interest. Money-lending to the state has never been in vogue; certain reforms must precede such an exhibition of confidence.

Then there is the name of a famous banker of the former Han era (B. C. 32), Ku Yung, who received money from the affluent to lend to the impecunious, he receiving a commission for his agency. It is not likely he was the first of that vocation; but it was then, probably, modern, coming into existence with the extinction of feudalism.

Returning now to Shanghai bankers, we find their guild has been divided for convenience into a northern and southern branch, the principal bank, the Yang-king-pang Creek forming the dividing line. Besides their common hall, each has a *Kung-so*—exchange or clearing house; that of the northern is situated in the Ningpo road.

The guild seems to date no further back than the reign of Tao-kuang and subsequent to the opening of Shanghai to foreign commerce. In that and the following reign regulations for conducting business were adopted; but the increase of bankers whose hearts were not like those of the founders, and commerce being depressed, those excellent rules fell into disuse, and thus at the present time out of every ten bankers eight have succumbed [this refers to the recent rise and fall of joint-stock companies on shares of which advances were made, involving banks in their ruin].

In view of the stagnation of business, they felt it incumbent to meet and confer on the re-establishment of good rules, just as trees, to be made to thrive, require their roots to be made firm. They met and agreed on the rules that were adopted in the reign of Tao-kuang and Hsien-fêng. These, fourteen in number, with improvements, I summarize as follows:

Charges for cashing notes.—"It is agreed that no deceit shall be practiced in recording receipts and issues of Shanghai current silver. Dealers in piece goods, Canton, Fukien, Szechuan, and Hankow commodities, and opium, and also Kiangsi traders and merchants generally, whose checks are presented by foreign firms, shall be debited with a charge of half a tael for every thousand cashed."

[This is a new regulation; the reason assigned for its enactment is that those are demands for specie to be paid at sight. Some expense is liable to be incurred in getting ingots, particularly when trade is depressed; also because there is loss on odd sums.]

For the same reasons a charge is made of three mace for a thousand taels on notes cashed for Ningpo, Shaoshing, Hangchow, and Soochow. The same charge is made against the issue of checks to Kiahsing, Wuchow, Fukien, and Yangtze ports, and to Shantung and Chihli as well.

Interest.—A new rule suppresses a most usurious practice that has arisen among Shanghai banks, to wit, charging \$10 for ten days' loan of a thousand dollars. A small interest is allowed on deposits that are unemployed by the bank, and when money is in demand, the amount of interest payable, and the amount to be charged to borrowers, is to be declared by all the banks on the fifth day of each month (determined at a guild meeting). At the close of each month an account is to be rendered to depositors. On the 15th, the rate of interest for Shanghai shall be declared (that of the 5th being for other ports).

On money advanced on tea and silk, interest is chargeable at the rate of half a tael per diem; accounts to be presented at the close of each month. In transactions between banks of exchange, the guild banks' interest is chargeable by each, 2 mace for a thousand taels.

[These banks of exchange are the agencies of the great bankers of Shansi, who remit funds to all parts of the Empire, and are in nowise connected with the Shanghai Bankers' Guild.]

Miscellaneous.—Deposits not made by 4 P.M. are to be reckoned from the day following. [Per contra, bills are not cashed until near that hour; if demanded in the morning, a slight discount must be paid.] In paying customs dues there is a specified charge for a hundred taels. Packages or boxes containing ingots are to be opened and the silver taken to the guild assay office for examination. [Assaying is sufficiently simple, consisting in gently holding the sycee to be tested in one hand, and grasping firmly the ingot with which to strike the other, the ring of the metal struck determining its quality.]

Notes of Fukien sugar dealers are subject to a discount because of the inferiority of the ingots of that province. Notes having on their face "Payable by either northern or southern branch of the guild" are not to be received.

REGULATIONS OF THE NORTHERN BRANCH OF SHANGHAI BANKERS' GUILD.

Dollars.—In paying out new dollars the issuer must imprint them with his seal [washing out the previous imprint], otherwise they shall not be current. Disregard of this rule entails a penalty. According to former rule, ten kinds of dollars are uncurrentable—to wit, the light, dull-colored, flowery-spotted, dull-sounding, copper-alloyed, edges unusual, three stars, circles (?) on the reverse, head upside down, yellowish hue, white—to which is now added such as have unusually fine edges.

Sycee.—Bills from or to foreign banks (and merchants generally) that accompany boxes of ingots are not to be altered; they are to indicate the number, weight, value in dollars, the premium or discount, all in capitals, not in running hand; also the date, the bank by which issued, and seal, in order to prevent irregularities. New bills must be out—descriptive of the ingots; when any are taken out of the lot, the old one to be canceled.

The bills accompanying sycee that are issued by the hands of the guild are for outsiders only, and not for guild banks intercircularion [those of the northern branch are at a premium, compared with the southern]. When payments from foreign banks to guild banks are in ingots, a descriptive bill is to accompany them, having first the seal of the foreign bank; that when found deficient, they may be returned. When the amount of ingots to be paid by a foreign bank exceeds fifty [as a rule there are fifty to a box], the balance is to be paid in notes. When a guild bank has to pay a foreign bank less than fifty, it must

make out a descriptive bill, and seal it. When inferior sycee is paid by a foreign bank, it is to be returned the next day by noon (or if Sunday intervene, on Monday).

Miscellaneous.—Checks for less denomination than \$10 are non-receivable. Guild banks having notes to be cashed at foreign banks shall present them before 3 P. M., except on Saturdays, when they shall present them by 11 o'clock A. M. When a foreign bank pays to a guild bank a round sum in ingots, the latter shall make out a bill for the balance.

REGULATIONS OF THE SOUTHERN BRANCH OF SHANGHAI BANKERS' GUILD.

Interest.—Loans of ingots are to be charged at the rate of 7 mace per diem for \$1,000; the smaller charge for dollars is in conformity with orders from the mandarin. For all checks cashed the sender is to be charged as under the old rules, from 3 to 5 mace for every 1,000 taels.

Against Speculating.—In buying and selling dollars and ingots, all settlements must be made on the day of the transaction, that thereby there shall be no empty buying and selling. [This rule also is conformable to magisterial mandate; until its fulmination, not long since, the exchange of the northern branch of Shanghai banks exhibited the same maddening scenes as those which occurred among Ningpo bankers, as already described.]

Clearing house.—Each money dealer must send his books to the exchange twice a day, to square accounts, under the supervision of the manager for the month.

When orders are made payable in old dollars, old dollars are to be furnished; but when the kind of dollars are not specified, payment may be made in those in ordinary use by the bank.

These rules, supplementary to the old ones, conduce to the promotion of business. We unite in establishing them, and they should be loyally observed; their infringement shall be inquired into, and summarily punished.

Besides the above regulations, the general, as well as those by the two branches of banking guilds, there are old ones, written and unwritten, that govern banking, but these suffice to disclose the nature of the guilds.

In no other occupation is such liberty enjoyed. Nearly all others are compelled to be associated in those combinations, while more than half the Shanghai bankers act independently of the two guilds of that port. There are belonging to those guilds only 55 members, while the non-member bankers number 75, who, however, conform to guild regulations. Besides these 130 banks, whose business is mainly local, there are 18 Shensi and Pekin banks of exchange; and, finally, there are 150 money-changing shops, wholly engaged in changing coppers for dollars.

LONDON BANK TELLERS.

A London bank teller always experiences a feeling of relief when he finds his money correct at the close of Friday's work, and this feeling is usually shared by the rest of the staff, who cannot leave the bank until he either discovers his error or satisfies himself as to the actual shortage. The great bulk of the shortages made across bank counters in England are believed to occur on that day. Whether or not there is any truth in the superstition concerning Friday being an unlucky day

for the teller, or whether the errors are caused by the carelessness which is always more or less the result of a slack day, is an open question. The belief is simply recorded as an acknowledged and experienced fact.

Next in the order of bad days for the teller, or cashier, as he is designated in London comes Saturday, but there the bad luck is intelligible. Saturday is wages day, and no sooner has the teller filled his till and loaded up his shelves with silver in £5 and £10 bags than the day's work sets in like a flood. Until twelve o'clock he is paying away with both hands; after that hour, if he is a receiving clerk as well, he begins to receive heavily, for Saturday is also the last day of the week, and everyone elects that the bank should receive his deposits rather than that he should keep them in his own less secure custody over Sunday. In beginning work on Saturday the London teller faces an open mahogany counter, of which the portion controlled by his desk is probably six feet long by three feet wide. He likes to have a good square view of his customer, and it is one of the canons of British banking that the eyes of the staff shall command the counter. There is this to be said in defense of the system, it requires considerably more hardihood to perpetrate a swindle in the open view of an English bank than it does at a pigeon hole in a fenced-in counter, and, in addition, a well-trained bank staff accustomed to each other's ways by long contact, and familiar as well with the customers of the establishment, are often able to render valuable aid to the teller, and the bank for that matter, in a variety of ways.

With such an open counter the chief clerk is also able to keep the whole field under his eye at one time, and to relieve the overstrain at any particular desk. The effect of the exposed condition is beneficial too on the staff, the members of which preserve a steadier demeanor and attend more closely to business while thus under the eyes of the public. But such an exposed situation demands a steady nerve on the part of the teller, who will sometimes have as many as a score of customers waiting at one time. He need, however, only observe the golden rule in order to secure correctness: "No hurry, and finish one transaction before you begin another." His great temptation will be to endeavor to get rid of the press of people by cashing the checks demanding coin without entering them in his money book at the moment, leaving that for the first lull in the day's business. In doing this he is depriving himself of almost the only safe-guard against loss. The London teller is probably the quickest manipulator of coin in the world. This is largely owing to the fact that the smallest note issued in London is of the value of £5, or \$25. When asked for gold in a greater amount than his eye can count at a glance, the teller after counting it quickly with a piano-forte action, throws it with his copper scoop into his faithful scales, and so checks his count. The weights of these scales are arranged in suitable numbers. The teller also checks the gold which he receives by weight and here his knowledge of his business will be tested. One hundred new sovereigns are of full weight, rather more, in fact, but the same number taken at haphazard will be found to be nearly half a sovereign (or $\frac{1}{2}$ per cent.) short in weight, while £100 in ordinary half sovereigns are sometimes twenty shillings (or 1 per cent.) short in value. The teller can quickly satisfy himself as to whether the deficiency is caused by shortage in the weight or the count, by dividing the amount and weighing one moiety against the other. If they balance evenly, the count is correct and the difference is due to underweight. If the latter exceeds the average stated the coin will need to be specially examined; there is probably something wrong. This question of light gold is an important one. One large London joint stock bank paid to the Bank of

England £30,000 (\$150,000) for deficient weight in its gold for one year. A practical teller knows heavy or full weight gold by sight. The best test afforded by inspection is found in the strings of the Irish harp on the reverse of the coin. If they are frayed the coin is under weight, but if untouched by wear and tear it is full weight. The edge of the English bank counter is provided with a lip to prevent the coin from rolling over and to aid the teller in scooping up the money. The teller usually counts with the first two fingers of both hands, simultaneously; sometimes he uses six fingers, and a teller has been known to count 450 sovereigns in one minute working against time. An expert teller will count one hundred pounds value of silver in seven minutes. When it is remembered that the coins are always mixed and consist of sixpences, shillings, florins, half crowns and crowns, with never a decimal convenience among them, this will reasonably be considered as a remarkable feat. There is no selection of coins possible in such a count. Were that observed the count would take fully thirty minutes. The four fingers of the teller seize all the coins as they come, and if their action is bewilderingly quick, what must be that of the eye and brain which can so promptly assess and add up those disjointed values so as to keep pace with the mechanical action of the hands? And all the time an outlook is kept for base coin, of which such an expert will sometimes throw out fully half a dozen in counting a hundred pounds. The annual loss from wear and tear of gold coin in England by reason of the absence of small notes is almost incredible. In Scotland the issue of £1 notes displaces gold to a great extent, and it is almost as rare there as here. The Scotch teller excels in counting paper money. In handling gold and silver he is altogether behind the age, keeping those metals before him in little old-maidish piles which would make a London teller shriek with derision. But in fingering a bundle of notes he is a king of men. Placing the pockets upright against his left palm and seizing the top corner between the finger and thumb of his right hand he will turn over the notes so quickly that an ordinary observer will be as entirely deceived as by the three-card trick, and will probably only count sixteen or seventeen to the teller's twenty. Then, to check his count, he will either alternate the hands, or, placing the notes horizontally on the counter, he will count them toward himself with the same paralyzing speed.

The Scotch counter is twice as wide as the London one; it is elevated in the center and is minus the rim which facilitates the English teller's dexterity with the coin. The Scotch teller in Edinburgh is railed in. His domain is a little island by itself, he is fat and comfortable and old, and he takes no sort of responsibility except as to the weather; he carries no balance in his head, and will not look at a check until the ledger-clerk, far off in the corner, has countersigned it. When you cross the broad stately plaza of the inner hall and finally accost him in due form he will hardly let you away, he is so impressed with you and has so many things to say, or rather so many polite inquiries to make. The correct conclusion at which you arrive when your knowledge is complete is that there is as great a disparity between the principles of English and Scottish banking as there is between the mechanical methods in which they carry on their business.

The American teller is self-contained, gentlemanly, and very much to the point, but he handles his notes as a haberdasher handles a ribbon, conveying the impression that he is testing or illustrating the value of the material of which they are made as he doles them out. He looks, too, as if he were afraid of giving you too much, an undesirable impression.

One great advantage the English teller possesses over both the American and Scotch teller lies in the fact that he issues clean notes only. The Bank of England has the exclusive privilege of note issue in London and within a radius of sixty miles, a right conferred for a certain valuable consideration granted to the Government in years gone by. All the notes received by the London teller are sent into the Bank of England and they are not re-issued. The average life of a £5 bank note is two or three weeks, that of a £100 bank note three days—that is, the interval between its issue and return to the bank and finally death. "The Bank," be it noted, always refers in London to one institution, "The Bank of England." The advantage in issuing the clean notes is this:—They are all numbered consecutively, therefore all that the teller has to do in recording the numbers is to enter the first and the last—thus, 87,560 to 87,574 18-6-87 £10, would represent £150 in ten pound notes. The smaller numbers represent the date, June 18, 1887. The London teller has the trouble of entering the numbers of his notes, which neither the Scotch, nor American banks have, but if he gives away too much either by wrong count or through a mistake in the denominations, he can usually locate his error at the close of the day and generally recover the money.

It must not be inferred from this reference to errors that they are frequent. On the contrary. Nor are they always paid for by the teller when they do occur. A teller who made a "short" and paid it out of his own pocket without reporting it would be infringing the rules. He may inadvertantly be cloaking an office thief by doing so. But although he does not always pay for his own losses they appear regularly in the weekly returns to the directors with his name against them, until they become a very weariness to the flesh. They are written off against the profit and loss account on quarter day when the books are made up, but not before the directors know all about Mr. Jones' mishap. A succession of losses of ten pounds each for three consecutive Saturdays has driven a teller into a lunatic asylum and caused his death. But the mere question of mechanical correctness in his cash would not—in the absence of other qualifications—lead to the promotion of a teller. He must be possessed of a suave yet dignified manner, a temper not readily ruffled and be an accurate judge of the human countenance. He must be infallible in the matter of signatures. A teller has been known to detect a forgery when the man whose name was forged could not tell whether the forged signature was his own or not. He must also have an excellent memory for customers' balances, and he must be fully alive to what is going on around him all the day long. And in London at least he must be conversant with all the public, and especially financial, matters and with the value of stocks. While thus engaged in front there is a force alongside of him which never permits itself to be forgotten, and that is the potency of the managerial eye. There is nothing harassing in the treatment of a good bank manager, who is, on the contrary, usually a great support to his staff, but the air of eternal vigilance is never lost.

"Mr. Jones, I'll take up your till," is a quiet remark which the teller usually hears once a week in a well-regulated office, but for which he must always be prepared, for it is just as possible as not that it may occur two days in succession. Mr. Jones takes no umbrage at the manager counting his cash at all sorts of odd times; it is customary, and the one fact potent to his mind is that wherever else he may get money from in his hour of necessity, he must never borrow from his till, for a shortage there of even half a sovereign would cause his suspension. It is military

discipline and it is best ; there is no sort of foolishness in London banking. London bankers gained their experience in a rough school, but they learned well the lessons of adversity.—*New York Tribune*.

A GREENBACK DOLLAR.

A HISTORY OF ITS MANUFACTURE.

"I will take you first," said the guide, "to the engraving division, for that is the foundation and the starting point of all the work that is performed in this building."

The engraving division is a large room on the main floor in the northwest part of the building. Along the south part of the room runs a railing, and back of this are doors opening into the vaults in which are stored all the dies, rolls, plates, bed pieces and other material used in the manufacture of the plates from which the notes and bonds are printed. Along the north side of the room are desks at each window, behind which sit men bending over with a graver in one hand and a magnifying glass in the other, carefully tracing out the fine lines upon the pieces of steel, and beneath their skillful fingers grow the portraits, the letters and the ornamentation that go to make up the perfect security of bank notes.

Mr. O'Neal, the chief of the engraving division, is a practical engraver himself, and he readily volunteered to furnish all the information necessary to enable his visitor to understand the process by which bank note plates were made. "In the first place," said he, "we make a model of the note that is desired, either by printed proofs of engravings that we already have on hand or the model is drawn by India ink. When this model is made and approved, then the work of engraving commences. Engravers have their specialties just the same as artists in every other calling. The man who is a good portrait engraver is not a good letter engraver; the man who is an expert in letters cannot do portraits or ornamental work; so the different parts of the engraving are distributed to the men who are the most competent to perform the work.

REPRODUCTION OF PLATES.

"Take a dollar bill," he said, "and I will explain to you what I mean. You see in the left hand corner there is a portrait of Martha Washington. Now, that work is given to a portrait engraver. He takes first a piece of steel and engraves the picture upon that. Each line is gradually cut up and deepened by the engraver until the perfect picture is formed. The shading, of course, depends upon the depth and breadth of the lines cut. After that picture is finished the die or piece of steel upon which it is cut is put into the fire and hardened. Then we take that hardened die and a roll of soft steel and give it to one of these men over here," going as he spoke to the transferrers, "and they place it in this transfer press, and by the pressure that the press is enabled to bring to bear, the soft steel roll takes up, as we call it, the impression from the hardened die. Then the roll in its turn is put in the fire and hardened and all is ready for use in transferring to what we call a bed piece, which is the same size as the completed note. All the other engraving upon this note is done in the same manner by different people upon different dies, which are then hardened and transferred to rolls, they in their turn

hardened, and then transferred to the bed piece. There is one exception, and that is the geometric lathe work. That is done by an intricate machine, which I will show you, and then the numerals or letters are cut upon it by hand as the engraving is done. When the bed piece is completed, then a roll of the entire bed piece is taken up, and then that is transferred to the plates. You will see that there are four notes upon every plate. After the plates are laid down they are hardened and ready for printing.

"You see," continued Mr. O'Neal, "that by this system of reproduction and duplication every plate is exactly like every other plate, and that is the greatest security against counterfeiting. No two men could do the same piece of work in exactly the same way. No one engraver could duplicate his own engraving so as to be exactly like the original. By the transfer process the duplication is absolute. Every line is the same upon one plate as upon every other plate of the same duplication, because they are all made from the same roll or set of rolls."

IN THE PRESS ROOM.

From the engraving division the guide went to the press room, which is in the top of the building. Here work four hundred and over, men and women, all busily engaged. Women were wetting paper and laying it on the presses, which were quickly turned by skillful printers, and as soon as the impression was made the plate was taken, placed upon a gas stove, inked, wiped, polished and replaced upon the press to receive another sheet of paper and to make another impression. The twirling arms of the presses, the rattle of the plates and quick motions of the girls made a kaleidoscopic effect that was bewildering at first.

"To show you how careful it is necessary for us to be," said the guide, "I will say that each morning when the printer receives his paper from the wetting division it is counted by both himself and his assistant, and then at the close of the day he must show the same number of printed sheets as he received in the morning. As an additional check there is an automatic register upon each press which records every impression made."

"But don't the press sometimes move when there is no impression made?"

"Sometimes, yes; but the printer knows that every time he pulls the press a record is made upon the register, and if he pulls it without making an impression upon the sheet he is obliged to call the register clerk and notify him, and then that extra count is taken into consideration at the close of the day's work."

From the printing division the next visit was to the numbering division. Here the notes are numbered and separated, both being done by machinery. Here they are also packed for delivery to the United States Treasurer. From the numbering division it is but a step to what is called the examining and counting division. The notes come here first from the press room when they are damp with the newly made impressions and receive what is known as a wet count. They are then placed between tissues and piled in racks, put in the dry box and subjected for a certain length of time to a stream of hot air. On coming from the dry box they are again counted, then sent to receive the next impression from the press room, then returned to the examining division, again counted and go through the same process of drying, the same number of counts until the stage of completion, when they are sent to the numbering division. On this same floor, also, is the large vault where all the completed and uncompleted work, as well as the

blank paper, is placed every evening at the close of work, and from which it is issued to the several divisions at the commencement of work the next morning.

CHECKS AGAINST FRAUD.

It must be remembered that every sheet of blank paper is drawn for a specific purpose, and represents a specific money value. If it is for \$1 notes, each sheet of paper represents \$4; if it is for \$5 notes, each sheet represents \$20; if for \$1,000 bills, each sheet represents \$4,000; if it is for a \$50,000 registered bond, the sheet represents that much in money value, and the accounts are kept as to the money value of the paper received. It will thus be seen that millions of dollars are represented in this vault continuously. To show the security in locking this vault, it may be stated that there are three combination locks. One is kept by the vault keeper, another by the accountant of the bureau, and the third is a time lock. When the vault is locked by the two combinations the time lock is set for the number of hours up to the following morning, and until that hour arrives there is no power or way known to open the vault.

The system of checks against fraud or accident which is now employed in the bureau is believed to be complete and is the result of years of careful experience. The paper is made at Dalton, Mass., and is even there under the supervision and count of Government employes. When it reaches the Treasury Department it is there counted to see that it agrees with the invoice accompanying it. When it is issued to the bureau upon its requisition it is counted when delivered by the Treasury counters, and again counted when received at the bureau by its employes. Every time it is issued in the bureau, no matter to what division, it is counted when given out in the morning and counted when returned in the evening. The other counts during the progress of the work are stated above. If there is any discrepancy in the balances at the close of the work, if a single sheet of paper is missing, not a single employe is allowed to leave the building until the discrepancy is explained or the sheet of paper is found.

In regard to the engraved stock there is a similar system of checks. Every plate, roll or die, either finished or unfinished, is kept in a vault presided over by a custodian appointed by and responsible to the Secretary of the Treasury.

CARE OF THE PLATES.

The superintendent of the engraving division makes a requisition on this custodian every morning for the stock that he desires for use during the day, and as each piece of steel is delivered it is checked by its number and description and charged against him. He, in his turn, charges the stock to the engravers, transferers and cleaners who use them. Only the roll, die or plate required for immediate use is issued, and this must be returned and checked off immediately the work is finished. At the close of work all the engravers and transferers return their rolls, dies and plates and they are checked in, and the whole amount is then turned over to the custodian and by him checked off piece by piece before it is placed in the vault.

The superintendent of the printing division goes through the same operation in regard to the plates that he requires to print from. He makes requisition on the custodian for those he requires, and they are charged to him until they are returned at the close of work and checked off. The bureau is a busy workshop, and furnishes employment to some eight hundred persons. The number of employes varies with the

amount of work required. In times of pressure, such as when there was a big demand for four per cent. bonds some years ago, the work is kept going constantly night and day without intermission. Then there are three separate forces who work eight hours each, and as soon as one finishes another is ready to take up the work.

There is one process which has not been mentioned, and that is the final disposition of the notes and securities after they have been used and passed from hand to hand until they are thoroughly worn out. When the bills and bonds are returned to the Treasury as worn out they are canceled, and then, under the supervision of a special committee, they are placed in a macerater and ground into pulp again. This pulp is worked into heavy pasteboard and sold to a firm who has contracted to purchase it, and by them it is again worked over into different kinds of paper. So from paper it returns again, if not in its original, at least to a kindred state.—*Washington Gazette*.

BANK-NOTE LITERATURE.

The practice of scribbling moral reflections, often from an immoral point of view, on the backs of bank notes seems to be dying out. Certainly, the bank note rhymester is less in evidence on English paper money than he used to be; because bank notes circulate more than formerly, or perhaps because they are nowadays renewed at such short intervals. The Scotch bank note, being of smaller value and circulating for a longer time, passes through the hands of more needy persons, and soon becomes so grimy that the term "filthy lucre" applied to it has an added significance.

In Lockhart's "Life of Scott" there is a reference to bank note literature. Lady Louisa Scott had sent to the novelist an original verse that was found on the back of a bank note by Lady Douglas. It is chiefly notable as a rare instance of the bank note rhymester's parting with his money in a Christian spirit. "Go, poor devil, get thee gone!" is the kind of parting salutation most in favor; but the note that fell into Lady Douglas' hands said:

Farewell, my note, and wheresoe'er ye wend
Shun gaudy scenes, and be the poor man's friend.
You've left a poor one, go to one as poor,
And drive despair and hunger from his door.

These lines recalled to Scott's recollection the murder of Begbie, a bank reporter, because it was thought the notes stolen at that time might be traced through an "idle young fellow," to quote Scott's reply to Lady Louisa Scott, "having written part of a playhouse song on one of them." Many of them were discovered, but accidentally, and this one was among the number. In fiction, of course, detectives have followed the same clue more successfully.

Though the backs of some bank notes are more interesting than a book, and even rise to the dignity of tragedy, there are certain stereotyped phrases which recur so frequently on them that they are familiar to everybody. Such are:—"Here to-day and gone to-morrow," "The best of friends must part," and a very common adaptation of a well-known couplet:

It comes as a boon and blessing to men,
Like the Pickwick, the Owl and the Waverley Pen.

As a tag suggested by this has been noticed :

They come as a boon—this is perfectly true ;
But all that come here are damnably few.

A business gentleman in Edinburgh, through whose hands a large number of Scotch notes pass, took a copy of the following :

O Lord of Love, send from above
A sword with two sharp edges,
To cut the throats of wicked men
Who grudge poor clerks their wages.

Beneath that was inscribed, in another hand :

Why call on God for such a blade,
Because your wage is small,
Or why assume your pay is grudged
Without e'en proof at all ?
Rather give thanks with fervent heart
Unto the Lord of heaven
Who weekly sends this one-pound note
When much less might be given !

It would be interesting to know whether he was himself a " poor clerk " who wrote these additional lines, or only an employer of clerks. The following also passed through the same gentleman's hands on one-pound notes :

Ye ugly, dirty little scrap,
To look at hardly worth a rap,
An' yet I'll gie my hearty vote
Nane can produce a sweeter note.

With this may be compared :

It's odd that any man should wish
A dirty scabbit rag like this ;
Yet mony a ane would cut a caper
To get a wheen sic bits o' paper.

What seems most to strike the bank note scribe is the transitoriness of all human pleasures. I have seen a note from Burns' " Pleasures are Like Poppies Spread " adapted in this way :

Pound notes are like poppies spread,
You get them changed, and, lo, they've fled ;
Or, like the flies upon the river,
One moment there, then gone forever.

" The trail of the serpent is over them all," says another melancholy moralist; but an optimist wisely adds :

'Tis better to have had and lost
Than never to have had at all !

The last couplet is another of the commonplaces on bank notes. This is better though less generous :

The devil hath power
To assume a pleasing shape.

And better still is :

They are the abstracts and brief chronicles of the time.
Perdition catch my soul,
But I do love thee,

has been met with, and also " This is the very ecstasy of love." " Not of an age but for all times " does not, it may be feared, mean that the writer is to put his bank note out to usury.

Perhaps the most interesting bank notes are those whose inscriptions are autobiographical. " After keeping this for ten years," said one that I was told of lately, " it is gone at last. Such is life." " This is the first £5 I ever earned," appeared in a handwriting that was not boyish. " To pay the rent " is brief but sufficient. So, perhaps, is the Scotch, " I will

be married to-morrow; God help me!—J. D.” The most dismal story I ever heard of being read on a bank note, however, was :—“ The last of a large fortune spent on drink.”

An historical interest attaches to the inscription, “ When shall we three meet again ? ” which used to be common on bank notes. Who the third of the trio referred to was has puzzled some people; but no doubt it was Abraham Newland. Newland was cashier of the Bank of England, ninety years ago, and in that capacity signed the notes of the Bank. He was much talked of and written of on that account in his own day, which is another proof that people had then more respect for bank notes than they have now, or, at least, more time to scrutinize them. How many persons could tell offhand who signs the Bank of England notes of to-day? Newland was quite a famous character, and is immortalized in verse in “ The Whim of the Day,” published in 1800. He was “ Invincible Abraham Newland,” and there were—

No Arguments found in the world half so sound
As the logic of Abraham Newland.

The logic so well spoken of was, of course, the bank note, specifically referred to in these lines :

There ne'er was a name so handed by Fame
Through air, through ocean, or through land,
As the name that is wrote upon every bank note
And you all must know Abraham Newland.
O Abraham Newland ! Notified Abraham Newland !
I have heard people say, sham Abraham you may,
But you mustn't sham Abraham Newland.

To “ sham Abraham ” was to pretend to be needy and debilitated when one was able to work, and shamming Abraham is still in vogue. Abraham Newland's name disappeared from the notes in 1807.

Mr. H. B. Gahan, of London, Ont., in a letter to the London *Free Press*, which reproduced the above, adds the following :—Your article in Saturday's issue upon “ Bank Note Literature ” is instructive and amusing, and recalled to my mind a fragment of Oliver Wendell Holmes' which I do not think is published in any edition of his works. As it consequently may be new to some of your readers, it may serve as a tag to your article.

Dr. Holmes, not then suspected of any vicious inclination to punning or poetry, was asked to write something in a young lady's album. He put off the request with a plausible excuse, but told her to put a book mark at the page and he would see what he could do. When she opened the album again she found the following :

Fair maiden, whomsoe'er thou art,
Turn this poor leaf with tenderest care ;
And still—ah ! still the beating heart—
The ONE thou lovest will be there.

Turning over the leaf she found a one dollar bill neatly pasted on the page, and underneath the following :

Fair maid I did I the truth not tell ?
This surely is no lying letter,
Here is the “ one ” thou lovest so well,
And nought (o) could make thee love it better.

Abraham Newland's connection with the Bank of England and its general notoriety have been immortalized by Marryat in his “ Japhet in Search of a Father.” The little foundling was named Newland in consequence of a fifty-pound Bank of England note being hung up with him in the basket, and many dialogues through the course of the narrative show that Abraham Newland's signature was then popularly regarded as the outward and visible sign of the Bank of England.—*St. James Gazette*.

ECONOMIC NOTES.

HOW EACH NATIONALITY HIDES ITS MONEY.

The peculiarities of the people of different nationalities in their way of carrying money formed a topic of conversation at Castle Garden the other day.

"Most of the English immigrants," said one of the money changers, "carry their coin in a small case in which their sovereigns or shillings fit snugly, and have the case attached to a chain, which they keep in a pocket, as they would a watch. An Irishman always has his little canvas bag in which he keeps gold, silver, and notes all together. But a great many of the Irish girls have their sovereigns rolled up and sewed on the inside of their dress—very frequently, too, inside of their corsets—and often have to borrow my pen-knife to cut them out when they come to get them changed.

"I have seen some old Germans who would pull off from around their body a belt that I am sure must have cost forty or fifty marks, and fish from it three or four marks in silver to have changed. The French mostly carry a small brass tube in which they can place forty or fifty 20-franc pieces, and remove them very handily one at a time, and only one at a time. There are very few Italians who don't own a large tin tube, sometimes a foot long, which they have hung around their neck by a small chain or cord, and in which they keep their paper money or silver coins. Swedes and Norwegians are sure to have an immense pocket-book that has generally been used by their fathers and grandfathers before them, and which will have enough leather in it to make a pair of boots. The Slavonians or Hungarians generally do not carry pocket-books, but they find more ways of concealing what money they may have than any class of people I know of. Their long boots seem to be the favorite place, and in the legs of them they also carry the knife and fork and spoon with which they have eaten on the way across. But I have seen them take money from between the lining and outside of their coats, which they would get at by cutting into a button-hole. Some of them use their caps and very many use their prayer-books, placing the paper money on the inside of the cover and pasting the fly-leaf of the book over it. But I think more of that nationality which stow away their change inside their stockings than any other place, and don't take their stockings off from the time it is put there until they want to change it."—*Commercial Advertiser*.

THE SMALLEST EUROPEAN STATE.

The smallest State in Europe—six square kilometers—is the territory of Moresnet, between Verviers and Aix-la-Chapelle. It contains rich zinc mines, which are worked by the Société de la Vieille Montagne. In 1815 a commission was appointed to fix the boundary line between Prussia and the Netherlands, which was agreed upon on every point save as regards Moresnet. Each country claimed the zinc mines, or an adequate indemnity; it was finally resolved to consider the miserable tract of land which contained only fifty squalid huts near the mines, independent and neutral. Since then the condition of the territory has greatly changed. It contains at present eight hundred houses, nice well-stocked shops, and the inhabitants are quite well-to-do. The territory has remained neutral, and is patriarchally administered. Prussia and

Belgium have each appointed a resident commissioner, who endeavor to settle amicably any possible difficulties arising, but who do not otherwise interfere. At the head of the administration is a burgomaster, who selects his ten councilmen; he is the keeper of the archives, superintends the real-estate bureau and is, in fact, the autocrat ruler. For the past two years this office has been filled by a peasant named Schmitz, who has selected as chief councilman an old physician, liked by young and old. These two constitute the government *de facto*—all the other councilmen agree to the resolutions of the council of two, and all the resolutions are unanimous. The administration of the State requires 12,000fr. per annum; each inhabitant pays an average tax of 6fr. That sum suffices to keep the schools and roads in repair; there is no military service; the police force consists of only one man, who wears a uniform as the official badge of the “republic of Moresnet.” The village lies in a lovely valley, which boasts of a pretty lake and the ruins of an old castle of the time of Charlemagne; and the denizens of Verviers and Aix-la-Chapelle repair thither to make jovial over a glass of wine. This idyllic republic has of late established a post-office of its own, which issues postage stamps of a value of 1 to 50 pfennige (a treasure for philatelists), and over the entrance of which stands in big letters the name of the mighty ruler of the State.—*Boston Beacon*.

THE BERMUDA CREDIT SYSTEM.

When the onions are ripe there is a busy time at the wharf on steamer days. Donkey-carts and teams come in from everywhere, from the uttermost parts of the earth, sometimes from as much as fifteen miles away, bringing loads of onions, all to be shipped to New York. If the season is a good one and onions and potatoes bring good prices in New York, Bermuda gardeners are in clover. If it is a bad season—that is, if we have so many potatoes and onions in the market that Bermudas do not bring their usual high prices—the gardeners chew the cud for the next twelve months and run their credit at the stores. It is this credit system that keeps them poor, and makes the storekeepers rich. There is no end to credit here. I suppose even a newspaper man could get credit for a suit of clothes if he wanted it. You see there is no danger of anybody getting away without the creditor knowing it. The little farmers can “run their cheek” for two or three years if they want to. This keeps them in continual servitude. Farmer Smith buys \$100 worth of groceries of Merchant Brown, and need not be in a hurry to pay for them. But Merchant Brown is also a commission merchant, and when Farmer Smith's onions are ripe they must go through Merchant Brown's hands, so that he will get his little percentage for handling them. The farmers are nearly all in this fix, and it is rarely that one of them enjoys the luxury of sending his own goods to market and collecting the cash for them. A few enterprising New York commission houses have sent men down here, sometimes to buy vegetables for cash, oftener to receive them on consignment. There are two of these men here now “working” the farmers. The gardeners here raise the onions, which go through the hands of Bermuda merchants, then through the hands of the New York commission houses, then to the marketmen, then to the retailer or street peddler, and at last to the consumer. There is some reason for saying, as one of the commission men said to me recently, “God help the farmers.” *Correspondence New York Times*.

EARLY BANKS.

A writer in the *New York Times*, describing "The United States One Hundred Years Ago," says: "A word may be spared at the close for two matters not wholly unconnected with these in any picture which we may form of the conditions of life in the United States at the time when the present Constitution was put into operation—the subjects of banks and taxes. Of banks there were only three then in existence in the country—the Bank of North America, at Philadelphia; the Bank of New York, and the Bank of Massachusetts, at Boston. The first, the creation of Robert Morris, had been established in 1782 by an ordinance of the Continental Congress; but doubts arising as to the validity of this, it had subsequently taken a charter from the State of Pennsylvania. Its capital was not to exceed \$2,000,000; the Boston bank had a capital of \$400,000. None of these banks had any considerable circulation of its notes outside of the city in which it was situated; and all pursued a cautious policy. The systems of taxation were of course different in the different States. But for the purposes of this paper it is of less importance to describe the various systems pursued than to give a carefully-grounded statement (which, as far as the writer's knowledge extends, has not been done before,) by which some notion may be gained of the actual incidence of taxation upon the individual citizen of average taxable property. Fortunately, data exist by which such an estimate may roughly be made. In the course of his extensive travels through the States in 1794-6, the Duke of La Rochefoucauld-Liancourt, a nobleman of a strongly statistical turn of mind, frequently notes the taxes which property owners had to pay in the districts through which he passed. Putting together the indications of this sort scattered through his volumes, we find that the average rate of taxation in the United States was then not far from \$5 on the \$1,000. This would seem sufficiently moderate at the present time, but in 1788, before the new Government came into operation, the average rate was probably even less than this."

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June. 9.	\$365,994,300	\$88,703,000	\$37,743,400	\$396,542,300	\$7,411,000	\$27,310,850
" 16.	371,504,400	91,404,000	38,220,400	404,642,800	7,478,900	28,463,700
" 23.	373,807,500	91,009,600	38,195,000	406,540,800	7,513,500	27,569,400
" 30.	377,085,800	90,707,100	38,192,800	408,330,700	7,607,500	26,817,225

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
June. 2.	\$145,772,300	\$10,817,500	\$3,115,400	\$116,908,300	\$6,149,800
" 9.	147,514,000	10,453,500	3,076,900	118,338,000	6,161,000
" 16.	147,528,500	10,432,200	3,332,200	118,020,800	6,123,400
" 23.	147,056,300	10,304,300	3,438,300	117,577,000	6,171,200
" 30.	147,892,100	10,085,300	3,374,600	116,415,800	6,145,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
June. 2.	\$89,562,900	\$26,255,600	\$91,039,300	\$2,721,750
" 9.	90,469,300	26,095,000	90,864,100	2,721,850
" 16.	91,278,300	26,560,000	92,677,400	2,722,700
" 23.	91,890,300	26,925,000	93,609,400	2,721,670
" 30.	92,913,100	27,012,700	95,185,400	2,720,850

BOOK NOTICES.

Is Protection a Benefit? A Plea for the Negative. By EDWARD TAYLOR.
Chicago: A. C. McClurg & Co. 1888.

A very good idea of the general nature of this work can be obtained from the author's preface. He says that while at college he "was much impressed with the beauty and harmony of economic laws as they were reflected" from the text-book of Prof. Bascom, formerly of Williams College, and who recently resigned as president of the University of Wisconsin. "A somewhat careful inquiry during the succeeding years into the subject of national revenues and the effect of commercial legislation has brought the mature conviction that 'protection' is the most pronounced misnomer of the age. This volume springs from a desire that others should perceive and hold this now vital truth. I have written for the average citizen, who cares to reflect upon a public question which has always been important, and apparently is soon to be supreme in our politics." He further says that he has written "as a student of economic science, not as a political partisan," and this claim may be fairly made. A very considerable body of well-digested information is here presented in a fresh and attractive form. The author modestly states that "many of the thoughts and arguments here presented are original in form and substance, but many of them also are the ideas of others recast to suit the present purpose." "Much has been well said on both sides, and the advocate of free trade has something to beat more substantial than the air. Neither body of pleaders can with any gracefulness claim, even in thought, to be the embodiment of all that is true. I cannot speak for protectionists; but it has been my constant aim to give an impartial, though necessarily a brief, statement of their opinions. The advocates of the restrictive policy are mostly honest men, who sincerely desire the highest material prosperity of our country. That they are mistaken I believe, and have tried to show."

The National Revenues: A collection of papers by American Economists.
Edited by ALBERT SHAW, Ph. D., author of "Co-operation in a Western City," "Icaria, A chapter in the History of Communism," with an Introduction and an Appendix of Statistical Tables. Chicago: A. C. McClurg & Co. 1888.

This little volume contains nineteen brief papers, which, with one exception, are contributed by professors of political economy in our colleges; and also an excellent introduction and review of their work by the editor, Dr. Shaw. All of the writers are scholars, familiar with the past experience of our own country and others in collecting and expending revenue, and their utterances are presumably the best which they are able to give on the subject. The most striking thing concerning these papers is their variety of opinion. They are impressive, as showing how little can be gleaned from the past in solving the question. But as all intelligently formed opinions should be



welcomed, so should these be, and it is possible that one or more of the writers has given a plan, or started suggestion from which relief may come. As the founder of the national banking system was a pure theorist, a college professor, this collection of opinion neither should, nor is likely to be, condemned, because emanating from this class of men. On the contrary, Dr. Shaw has done well in drawing forth these contributions from our teachers in political economy, on a subject so important.

CORRESPONDENCE.

ITALIAN SAVINGS BANKS.

We have received the following letter from the Italian Minister of Agriculture, Industry and Commerce :

ROME, May 17, 1888.

To the Editor of the BANKER'S MAGAZINE:

In the May number, page 875, the belief is expressed that in Europe is no institution which equals your Bowery Savings Bank.

We have, in Italy, the Central Savings Bank of Milan, established in 1853 with a beneficial fund. On December 31st, 1886, the bank had 117 branches, and an aggregate capital of \$121,100,000, of which \$7,900,000 in surplus, \$26,100,000 in saving deposits, and \$37,100,000 in deposit accounts and others. At that date the depositors were 413,471. As regards its central seat (Milan) the following are the figures: \$74,000,000 aggregate capital, \$29,000,000 savings deposits, and 133,436 depositors.

We have four kinds of institutions which collect the savings of the laboring class, as you may see in the following statement :

DECEMBER 31, 1886.

Savings Banks (394)....	Depositors	1,248,360
	Deposits	\$199,483,489.00
	Average of.....	\$159.79
Banks (106) and Co-operative Banks (439).....	Depositors	375,189
	Deposits	\$67,566,247.00
	Average of.....	\$180.08
Post Office Savings Banks (4,087).....	Depositors	1,395,316
	Deposits	\$40,822,609.00
	Average of.....	\$29.64
Aggregate	Depositors.....	3,018,865
	Deposits.....	\$307,872,346.00
	Average of.....	\$101.08
	Average deposits per capita.....	\$10.81

Our savings banks pay no dividends.

With the respectful compliments of

GASPARE RODOLICO,

Ministero di Agricoltura, Industria e Commercio, Rome.

[In this connection the following statement of the assets and liabilities of the New York Bowery Savings Bank is worth giving.

ASSETS.

BOWERY SAVINGS BANK, Jan. 1, 1888.

Banking House and Lot.....	\$150,000.00
Stock, viz: United States..... (par value,)	22,000,000.00
State of New York.....	122,000.00
" Ohio.....	400,000.00
" Rhode Island.....	10,000.00
" Maine.....	389,600.00
" New Hampshire.....	173,600.00
" Missouri.....	239,000.00
" Michigan.....	10,000.00
" Indiana.....	700,000.00
" Massachusetts.....	757,000.00
" Maryland.....	150,000.00
" Delaware.....	250,000.00
City of New York.....	5,492,000.00
" Brooklyn.....	1,012,000.00
" Poughkeepsie.....	122,000.00
County of Kings.....	639,000.00
Bonds and Mortgages.....	11,112,228.00
Loans on Stock (U. S. Bonds as collateral).....	1,320,240.00
Deposit in Banks and Trust Cos.....	2,230,415.37
Cash in vaults.....	658,654.78
	<hr/>
	\$48,537,738.15
	LIABILITIES.
Due 106,118 depositors.....	\$44,244,625.14
Profit and loss.....	4,293,113.01
	<hr/>
	\$48,537,738.15]

BANKING AND FINANCIAL ITEMS.

THE KANSAS BANKERS' ASSOCIATION have published the proceedings of their second meeting, which was held at Topeka last March. The formation of these associations is a pleasant feature in banking, and the secretary of the Kansas Association states that its membership is 143—a large and gratifying number.

GUARANTEE COMPANY OF NORTH AMERICA.—This most useful and highly successful institution has received the following letter from Frederick Cook, President of the German-American Bank, of Rochester: "Check of your Co. for \$5,000 in full payment of our claim under your Co.'s Bond of Guarantee on our late defaulting assistant cashier has been duly received. I take the opportunity to say that the methods of your company, in their steps to estimate and discharge their liability, have been business-like, prompt and liberal, and without any tendency to avail themselves of technical issues—not infrequently the case with private sureties. The principles of your company as evidenced in this transaction, reflect in a highly satisfactory degree upon both the system of corporate bonds and the Guarantee Co. of North America as its exponent."

MONTREAL.—The Canadian bank practice of holding annual meetings, at which a full exposition is made to the shareholders, is a most excellent one. At the last annual meeting of the Bank of Montreal, the president, Sir Donald A. Smith, addressed the shareholders, and was followed by the general manager, M. Buchanan, from whose address we quote the following:

"Merchants bewail absence of profits and many bad debts, and it is, therefore, not very surprising that the bank, with so immense a business in this country, has suffered a good deal. With all our care, every year tells us that losses cannot be escaped. The system of long credits, which prevails in Canada, adds materially to the hazards of business. We endeavor to exercise the greatest possible care in lending our money, but we must take the risks incident to banking business in Canada, or look abroad for the employment of the bulk of our capital. But now about the losses, for which we had to provide in the past year, it is only right to

state that a great portion of them should more properly have come out of the previous year's profits. We took rather too sanguine a view of the future, and of the condition of two or three of our accounts in particular—they were weaker than we supposed—and the failure of crops in Ontario last year brought matters to a crisis. Bearing that in mind, and the extent to which another failure of the crop would affect the prosperity of the country, the directors were impressed with the necessity of exercising more than ordinary caution in estimating the present position of our assets, and the future prospects of the bank. We believe ample appropriations have been made for all losses, and that the bank to-day is in as sound a position as it ever occupied, and we feel confident that the shareholders will approve the conservative policy adopted." The following condensed statement of the condition of this great banking institution is taken from the *Toronto Monetary Times*: "The net earnings for the twelve months ended with April were \$1,284,501, equal to 10.7 per cent. on the capital of \$12,000,000, compared with \$1,520,195, equal to 12.668 per cent. in the year immediately preceding, which was a very good year. After dividing 10 per cent. among shareholders, against 12 per cent. in 1887, there remains \$690,000 to be carried forward, a slightly larger sum than in the former year. Deposits amount to \$23,600,000—nearly 44 per cent. of them bearing no interest—which is \$6,000,000 more than at the close of the previous year. Circulation, \$5,467,000, is about the same. Assets immediately available, \$16,146,000, are some \$2,500,000 greater in aggregate, while the total assets are about \$6,000,000 greater, namely, \$48,633,000. Loans and bills discounted amount to \$31,452,000, and there is an increase of overdue debts, not, however, of those unsecured. The nature of the business done by the bank has, in one important item, changed in the last few years. On the 30th of April, 1879, 'loans to corporations' amounted to only \$539,996; at the same date this year, the figures under this head had risen to \$8,673,164. Between these two dates a great many commercial and other corporations have come into existence, some of them as a result of the tariff. New customers of the bank, having a corporate character, have come into existence, and with the change of circumstances, there has been a change in the nature of the bank's business. This adaptation to circumstances was doubtless a necessity of the situation. Business of this kind runs into large amounts, and large loans to corporations have, as a rule, so far, been preferable, in point of safety, to large loans to individuals."

CINCINNATI.—The Metropolitan Bank, as a bank, will soon be no more. Agent McConville is now in charge of its affairs for the stockholders. The bank will not be reorganized. Its affairs will be settled up, and a new bank, to be called the Western National, will be organized by those most interested as stockholders in the Metropolitan. The plans for the organization of the new bank have so far been perfected that a name has been selected for the institution, 'The Western National.' It will be some weeks before the organization is perfected. There are some stockholders who will not go into the new bank, but those who have large holdings of Metropolitan stock will. The plan of organization will be perfected soon. It may be presented to the stockholders at a called meeting."

NEW YORK CITY.—The Bank of America, on the northwest corner of Wall and William streets, has purchased the property of the Bank of North America, adjoining, and will erect on the entire plot of ground in their possession a fine structure in the modern style of architecture. The land on which the Bank of North America now stands was sold 96 years ago for \$50.

BOSTON.—The directors of the Tremont National Bank have directed that the following minute be entered upon the records of the bank, to show their appreciation of the character and services of their late associate, Ezra H. Baker, who died at Beverly on Thursday evening, June 7: "Mr. Baker was elected a member of the board in 1877, to fill the vacancy created by the death of his father, to whose faithful service of thirty-one years the records of the bank bear ample testimony. The business career of the son during the eleven years that he has had a seat at this board, has been in all respects such as the father would have desired. To a strict integrity and high intelligence he has joined a fine sense of honor, without hint of trickery or meanness, and this reputation, accorded to him by general consent, has led to his assumption of other important duties where probity, intelli-

gence, and business capacity are essential. His unfailing courtesy and cheerful temper have rendered his intercourse with the various officers of the bank uniformly most agreeable, and his associates mourn his loss, not alone as of a faithful official, but also as that of a valued friend."

THE full force of the Chicago, Burlington and Quincy strike, is seen in the statement of the net earnings of the first four months of 1888. The total is \$875,-154. Decrease, compared with 1878, \$3,391,173.

OHIO.—An investigation of the accounts of Emmit v. Rhoads, cashier of the First National bank of St. Paris, has revealed a bad condition of things. The books and accounts were not posted up, and an air of carelessness and neglect was apparent. This excited his suspicion, and looking over the individual ledger he found that it had not been posted since last August. The general ledger was all right up to January 1, when the directors found everything square. Among the items carried as cash were checks of the County Treasurer on the bank aggregating \$4,000. Examiner Sullivan inquired about these, and found that it was the cashier's custom to pay taxes for different parties and hold their receipts for the same. At other times he took receipts from the treasurer, with the understanding that the treasurer was to draw on him when he had collected certain funds. In March the treasurer, supposing the money was there for Adams and Johnson Townships for township taxes, drew a check for the amount. The money was not there, and Rhoads paid it out of the bank vaults and put the checks in the balance and carried them as cash. In addition to that the cashier was short over \$6,000 in his notes and bills. Sullivan demanded the notes to show for it, but they could not be found. Finally \$4,000 were found in notes, but still \$2,200 were short. The Examiner tried to verify the account, but as the register had not been posted for four months it was useless. One feature of the case is that Rhoads has carried an overdraft on his own account for four years, running up pretty well to \$4,000. On April 30 he reported overdrafts of \$1,200, when there were nearly \$5,000. Bank Examiner Sullivan laid the matter before the directors of the bank and went to Cincinnati, where he swore out a complaint against Rhoads for a violation of Section 5,209 of the banking laws by misappropriating money to the amount of \$4 500.

MR. ISAAC N. MAYNARD, manager of the New Orleans Clearing House Association, whose death was announced in the last number of the MAGAZINE, was born in Guilford, Conn., September 24, 1812. At the age of 18 he commenced mercantile life in New York with the firm of Roman, Watson & Co., a purchasing branch of the great dry-goods house of Babcock, Gardiner & Co., Chartres street, New Orleans. He remained four years with his New York employers, and then accepted a situation as book-keeper in the country store of Beirne and Burnside, in Monroe County, Va. Mr. Maynard left them in December, 1834, and reached New Orleans, January 4, 1835. Here he entered the commission house of his brother Calvin, with whom he remained until 1837, when the Virginia house of Beirne & Burnside removed to New Orleans and again secured his services as bookkeeper. In 1841 Mr. Maynard was elected general bookkeeper of the Bank of Louisiana, and in 1842 cashier of the branch of that bank in St. Francisville. In 1850 he turned his entire attention to cotton and sugar planting, first in West Feliciana and afterwards in Iberville. The calamities of war and overflow destroyed his planting interests, and in 1872 Mr. Maynard came to New Orleans for employment. He was solicited to undertake the task of creating and organizing a clearing house, and three months after his arrival in the city, by dint of his intelligence and industry, the New Orleans Clearing House was opened for business with Isaac N. Maynard as its first manager, a position he had most creditably filled until his death.

NEW YORK CITY.—The Adams Express Company has paid to the American Exchange National Bank \$41,000, the amount of the package of old bank notes sent to Washington for redemption by the bank. The package was delivered to the express company in the usual way, but when it reached the Treasury Department it was found to contain only waste paper.

BANKING IN CALIFORNIA.—The banking system of California has had a checkered history. Its career has been only truly prosperous of late years, and when the mistakes of the pioneers had prepared the way for a different class of men where

financial skill has led to the happiest results. The early banks of San Francisco have all passed away; they were founded in exciting, restless times, and proper financial checks and safeguards were apparently, from their history, one of the last things thought of. The present banks of San Francisco have, on the whole, grown with its growth, and have stuck their financial roots deeply into its soil. The growth of our banking system may be gleaned from the following figures. They relate exclusively to the commercial banks of the State:

	1879.	1888.
Resources.....	\$68,103,950 30	\$107,700,069 55
Cash on hand.....	10,132,310 34	12,860,146 57
Loans.....	40,144,494 42	69,250,160 33
Capital stock paid in.....	33,212,512 64	34,561,241 83
Due depositors.....	25,091,954 40	51,864,092 99

We do not include here the private banks, as the details of their condition could only be obtained for the past year. We find, however, in the commercial banks, properly so called, traces of unprecedented prosperity during the past nine years. The resources have increased about 40 per cent., the cash on hand 27 per cent., the loans over 70 per cent., the deposits have more than doubled. While this is the case, there has been little or no increase in the capital stock, in fact it has been reduced in a couple of instances. The real capital of the banks is of course made up of the cash actually paid in by the stockholders and depositors. This makes it \$53,304,467.04 in 1879, and \$86,425,334.82 in 1888—an increase of 50 per cent. nearly. While this is the case, the loans have increased 70 per cent., showing that much business is done on a similar capital than there was nine years ago. The increase in loans shows the gigantic growth of California's commerce and industry in the meantime. The banking business has fully kept pace with the increase in population.—*San Francisco Journal of Commerce.*

REMITTING BY CHECK.—The following suggestions regarding the remittance of checks in payment of accounts will, no doubt, be of interest to a large class of our readers, and an observance of the points mentioned will tend to prevent many annoyances which might otherwise arise in the conduct of business: When a person remits checks instead of money he should never fail to put his indorsement on the back of them all, stating also to whose order they shall be paid. This should be done even on checks that are made out to "bearer." It should be remembered that checks are sent in lieu of money, and no indorsement can make them better than money. If not indorsed over to someone, as above directed, they are as unsafe to transmit as money, as whoever gets hold of them can cash them, and if they arrive safely at their destination the name of the sender has to be pinned to them until cashed at bank, otherwise serious complications would occur. The following, also, should not be overlooked. In purchasing a bank draft, Smith should have the same made out to his own order, and not to the order of Jones, to whom it is to be sent. He should then indorse the check on the back: Pay to Jones or order, Smith. If the draft is then lost in the mails, duplicate can be procured without trouble; but, if it had been made to the order of Jones, the finder would have good opportunities to cash it, and in all cases of flagrant carelessness the law says the loss must be borne by the careless one. If a depositor uses ordinary caution in his business with his bank, and his check is forged or the amount raised, the loss falls upon the bank. The holder of a note or check may give notice of protest, either to all the previous indorsers or only to one of them; in case of the latter, he must select the last indorser, and the last must give notice to the last before him, and so on. Each indorser must send notice the same day or following. Neither Sunday nor legal holiday is to be counted in reckoning the time in which notice is to be given.—*The Iron Age.*

MASSACHUSETTS.—In the United States District Court, on the 16th of June, Judge Nelson allowed the petition of John W. Corcoran, receiver of the Lancaster National Bank, to compromise a claim against the West Rutland Marble Company. The petition alleged that William H. McNeil, the president of the bank, carried away with him to Canada a large portion of the assets of the bank, among which was a \$1 000 United States Treasury note and six twenty-dollar gold pieces, which, soon after the robbery and the flight of McNeil, came into the possession of the West

Rutland Marble Company at Rutland, which afterwards became insolvent. Its assignee took possession of the money, and judgment was recovered against him for \$1,187.20 and costs; that numerous exceptions were taken at the trial, which the assignee offered to waive and to pay the receiver \$1,187.20, without costs, which settlement has now been authorized by the court.

NEW JERSEY.—Secretary of State Kelsey has sent out a circular letter to savings banks, informing them that the act passed Feb. 22, 1888, authorizing savings banks to invest their funds in first mortgage bonds of any railroad company which has paid dividends of 4 per cent. per annum, is null and void. After the passage of the law an amendment was made in the first section, and Attorney-General Stockton has decided that the supplement takes the place of the first law. The supplement only provides for a tax of one-half of 1 per cent. on all deposits in lieu of other taxes, and does not authorize the purchase of railroad securities, which is prohibited by statute.

MASSACHUSETTS—CO-OPERATIVE BANKING.—On the 16th of June the Peabody Co-operative Bank opened for business in Peabody Institute, Lieut.-Gov. Brackett and Secretary Eldredge, of this city, assisting. Previous to the meeting, an informal reception was tendered to the Lieutenant-Governor at the Marshall House. A bank is talked of at Canton and one is likely to be organized soon. The Holbrook Co-operative Bank held a meeting at which Messrs. Ropes and Eldredge, of Boston, were present, and explained the workings of the institution. The 500 shares of the first series were bought, and the money sold to the highest bidder. The bank starts out with bright prospects.

PARIS—FORGED BANK NOTES.—A correspondent of the *New York Times* says that when the public was warned, some days since, that bank notes of the value of 500f. would require careful investigation, the necessity created no immediate alarm. There are a good many people here that never enjoy the privilege of handling such a high-rate luxury, and others had heard the same things so often that they did not deem it worthy of serious consideration. The facts now appear to be all too critical. The forgers have played havoc with the entire list of bank notes, from the fifties up to the one-thousand notes, and already lawsuits have been begun against the Bank of France. The latter refuses to be responsible or to refund the amounts, and private banks to-day refuse to receive their bank notes. The Credit Lyonnais neither gives nor accepts paper. At the Bank of France there is a diminution of forty-three millions in circulation paper money and a call is to be made upon the Government regarding the responsibility of the bank. The situation of this establishment is not to be favored in any case by this new incident.

THE AMERICAN BANKERS' ASSOCIATION.—The Executive Council of the Association have determined to hold the annual convention for the year 1888, at Cincinnati, Ohio, on Wednesday, October 3rd. The reasons for this selection were the central location of Cincinnati, and the emphatic and earnest invitation received from the banks and business men of that city. A Centennial Exposition is to be held there, opening on July 4th, and continuing for one hundred business days thereafter, closing on the 29th of October. The convention of the American Bankers' Association will be held at the pleasantest time of the year, and at a most interesting point in the progress of the Centennial Exposition. The location of Cincinnati is most convenient for the majority of the members of the association, and it is believed that the convention will be largely attended.

SOUTH OMAHA, NEB.—The Union Stock Yard Bank has addressed a circular to their depositors relating to trust deposits, signed by E. B. Branch, cashier, in which he says: "The courts having decided that deposits made for the credit of corresponding banks 'for the use of' a third party are trust deposits, and having largely increased the liability of all banks through which they pass, many banks now refuse to receive them, and this bank will hereafter decline to receive all deposits with any 'trust' clause ('for the use of') attached. This step is taken through no lack of courtesy or desire to accommodate, but to escape undue liability and as a matter of protection. This system of depositing being, however, so much a part of live stock transactions, and as old as the business itself, the changes made or asked should be no more than necessary for safety. In this spirit, therefore, the

following memorandum is submitted: 1.—Deposits may be made for the account of outside banks as heretofore, but in no case 'for use of' a third party. They may be made by your shipper, either personally or through his commission merchants at these yards as his agents. 2.—Such deposits, or any collections made for you, will, as heretofore, be remitted for your credit to any bank that you may name in Omaha, Chicago, New York or other city without charge, or will be credited in account subject to your check, as you may desire, or will be remitted in exchange. Such orders to remit may, however, be given only by the bank for whose account received, and not by the party depositing."

NEW YORK.—Horatio J. Olcott, president of the National Central Bank of Cherry Valley, and one of the oldest bank presidents in the State, died on the 25th of June. Mr. Olcott was considered one of the ablest bank officials in the State, his bank having never missed or delayed the payment of a dividend during the 57 years in which he was president. He was a brother of Dudley Olcott, the Albany banker, and one of the founders of the Dudley Observatory, and father of Horatio Olcott, of the New York Stock Exchange.

WRECKED BY POKER.—AN OLD CASHIER ACCUSED OF USING FUNDS OF HIS BANK IN PLAY.—Several months ago, the fact leaked out that Asa W. Wickes, who for twenty-five years had been cashier of the Central National Bank of Troy, was a defaulter. He resigned a few days before the exposé, and when the latter was made Wickes was seriously ill from a stroke of paralysis. The Guarantee Company of Montreal was on Wickes' bond, and had to make good the \$9,000 that the cashier had taken from the bank, but that sum did not include personal funds that Wickes appropriated. On account of the ex-cashier's great age, the bank officials did not prosecute, and it was thought that the old man was to be let alone, but he was arrested by a deputy United States Marshal, at the instance of the Guarantee Company. He was taken before United States Commissioner Landon, and arraigned on a charge of violating the United States Banking Laws in appropriating to his own use, \$9,000. He pleaded not guilty, and bail was fixed at \$5,000. This the ex-cashier was unable to procure, and he was lodged in the jail, pending an examination. The old cashier was too fond of playing "poker."

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	JUNE 4.	JUNE 11.	JUNE 18.	JUNE 25.
Discounts	5 @ 6½ ..	5 @ 6 ..	4½ @ 5½ ..	5 @ 6½
Call Loans	2 @ 1½ ..	1½ @ 1 ..	1½ @ 1 ..	1½ @ 1
Treasury balances, coin	\$133,681,374	\$133,721,091	\$134,897,162	\$140,958,459
Do. do. currency	15,097,890	15,712,229	16,412,525	17,555,529

Sterling exchange has ranged during June at from 4.87¼ @ 4.89 for bankers' sight, and 4.86 @ 4.87¼ for 60 days. Paris—Francs, 5.18½ @ 5.16½ for sight, and 5.19¾ @ 5.18½ for 60 days. The closing rates for the month were as follows: Bankers' Sterling, 60 days, 4.86¾ @ 4.87; bankers' sterling, sight, 4.88¼ @ 4.88½. Cable transfers, 4.88½ @ 4.88¾. Paris—Bankers', 60 days, 5.19¾ @ 5.18¾; sight, 5.17½ @ 5.16½. Antwerp—Commercial, 60 days, 5.21½ @ 5.21¼. Reichmarks (4)—bankers', 60 days, 95¾ @ 95½; sight, 95¼ @ 95½. Guilders—bankers', 60 days, 40¼ @ 40⅞; sight, 40⅞ @ 40¾.

DEATH.

OLCOTT.—On June 25, aged seventy-eight years, HORATIO J. OLCOTT, President of National Central Bank, Cherry Valley, N. Y.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 978.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA. ... Talladega.....	First National Bank.....	Hanover National Bank.
\$50,000	Thos. S. Plowman, <i>P.</i> Jabez C. Bowie, <i>Cas.</i>	
	J. T. Dumas, <i>V. P.</i>	
CAL.... Lodi.....	Bank of Lodi.....	
\$25,000	B. F. Langford, <i>P.</i> Guy W. Currier, <i>Cas.</i>	
	Francis Cogswell, <i>V. P.</i>	
" .. Redlands.....	First National Bank.....	
	F. P. Morrison, <i>P.</i>	
\$50,000	A. L. Park, <i>V. P.</i> John W. Wilson, <i>Cas.</i>	
FLA.... Gainesville.....	First National Bank.....	Chase National Bank.
\$50,000	John W. Ashby, <i>P.</i> James M. Graham, <i>Cas.</i>	
IDAHO.. Hailey.....	First National Bank.....	Chemical National Bank.
\$100,000	W. B. Farr, <i>P.</i> J. M. Burkett, <i>Cas.</i>	
IND.... Ambia.....	Bank of Ambia.....	Ninth National Bank.
	Samuel Williams, <i>P.</i> Josiah G. Williams, <i>Cas.</i>	
IOWA... Edgewood.....	Bank of Edgewood.....	
	(W. I. Millen & Co.)	
" .. Onawa.....	Onawa State Bank.....	
\$50,000	B. R. Richards, <i>P.</i> Chas. H. Huntington, <i>Cas.</i>	
	Addison Oliver, <i>V. P.</i>	
" .. Randall.....	Farmers Bank.....	
	C. P. Christianson, <i>P.</i> G. P. Christianson, <i>Cas.</i>	
" .. Spencer.....	First National Bank.....	Ninth National Bank.
\$60,000	Albert W. Miller, <i>P.</i>	
	T. B. Bender, <i>V. P.</i>	
KAN.... Clayton.....	Bank of Clayton.....	
\$10,000	James R. Aggson, <i>P.</i> A. M. McKee, <i>Cas.</i>	
" .. Clyde.....	Clyde Banking Co.....	
\$100,000	W. P. Rice, <i>P.</i> S. F. Robinson, <i>Cas.</i>	
	E. K. Streeter, <i>V. P.</i>	
" .. Garden City.....	Finney Co., Nat. Bank..	
\$75,000	Andrew J. Hoisington, <i>P.</i> Albert H. Adkinson, <i>Cas.</i>	
" .. Pratt.....	Peoples Bank.....	American Exchange Nat. Bank.
\$100,000	Geo. W. Toms, <i>P.</i> Harry L. Fell, <i>Cas.</i>	
	Clark Toms, <i>Ass't Cas.</i>	
" .. Strong City.....	Strong City Bank.....	First National Bank.
	S. F. Jones, <i>P.</i> Wit Adare, <i>Cas.</i>	
	C. J. Lantry, <i>V. P.</i>	
KY.... Shelbyville.....	Citizens Bank.....	
\$50,000	Chas. Kinkel, <i>P.</i> J. C. Burnett, <i>Cas.</i>	
MINN .. Barnesville.....	Barnesville State Bank...	American Exchange Nat. Bank.
\$25,000	F. E. Kenaston, <i>P.</i> J. A. Nelson, <i>Cas.</i>	
	Howard De Mott, <i>V. P.</i>	
" .. North St. Paul..	Bank of North St. Paul..	Chase National Bank.
\$25,000	Lane K. Stone, <i>P.</i> Samuel R. Murray, <i>Cas.</i>	
	Frederick Driscoll, Jr., <i>P.</i>	
MO.... Elsberry.....	Bank of Lincoln Co.....	
\$10,000	Francis F. Harvey, <i>P.</i> Joe Block, <i>Cas.</i>	
	E. M. Forgey, <i>Ass't Cas.</i>	
" .. Kansas City.....	Midland National Bank..	
\$200,000	Witten McDonald, <i>P.</i> C. E. Barnhart, <i>Ass't & Act'g C.</i>	
" .. Kansas City.....	S. P. Griffith & Co.....	Latham, Alexander & Co.
NEB... Champion.....	Bank of Champion.....	
\$12,000	(C. O. Mead & Co.)	
" .. Omaha.....	Anglo-American, Mortgage & Trust Co. }	Chemical Nat. Bank.
\$350,000	L. W. Tulleys, <i>P.</i> J. V. McDowell, <i>Sec. & Treas.</i>	
	J. N. Brown, <i>V. P.</i>	
" .. St. Paul.....	Citizens National Bank..	
\$50,000	Ed. McCormick, <i>P.</i> T. F. McCarty, <i>Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. ...	Batavia.....	Bank of Genesee.....	Importers & Traders Nat. Bank.
		\$75,000 Augustus N. Cowdin, P. Turnbull Cary, <i>Cas.</i>	
" ..	Brooklyn.....	Nassau Trust Co.....	.....
		\$500,000 A. D. Wheelock, P. O. F. Richardson, <i>Sec't.</i>	
" ..	Shortsville.....	E. D. Mather	Chase National Bank.
N. C.	Concord.....	Concord National Bank.	.....
		\$50,000 J. M. Odell, P. D. B. Coltrane, <i>Cas.</i>	
OHIO....	Fostoria.....	Fostoria Banking Co.....	Seaboard National Bank.
		J. W. Powell, P. Jay B. Holman, <i>Cas.</i>	
		Josiah Campbell, <i>V. P.</i>	
PA.	Birdsboro.....	First National Bank.....	.....
		\$50,000 Edward Brooke, P. Wm. Lincoln, <i>Cas.</i>	
" ..	Hazleton.....	First National Bank .....	.....
		\$100,000 A. W. Leisenring, P. John R. Leisenring, <i>Cas.</i>	
		David Clark, <i>V. P.</i>	
" ..	Hughesville....	First National Bank.....	Hanover National Bank.
		\$50,000 Jeremiah Kelly, P. T. J. Farmerly, <i>Cas.</i>	
		Dewitt Bodine, <i>V. P.</i>	
" ..	Philadelphia..	Narr & Friend.....	Woerishoffer & Co.
" ..	Pittsburgh.....	Monongahela Nat. Bank.	Hanover National Bank.
		\$182,000 Thos. Jamison, P. John D. Fraser, <i>Cas.</i>	
S. C.	Darlington....	Peoples Bank.....	National Park Bank.
		E. K. Darzun, P. H. L. Charles, <i>Cas.</i>	
		W. A. Carrigan, <i>V. P.</i>	
TEXAS..	Rockwall.....	First National Bank.....	Hanover National Bank.
		\$50,000 E. C. Schneider, P. T. J. Wood, Jr., <i>Cas.</i>	
		J. J. Carter, <i>V. P.</i> A. L. Elliott, <i>Ass't Cas.</i>	
" ..	Waco.....	American Nat. Bank.....	Bank of N. Y. N. B. A.
		Wm. Cameron, P. N. B. Sligh, <i>Cas.</i>	
		\$250,000 Tom Padgett, <i>V. P.</i> M. A. Sullivan, <i>Ass't Cas.</i>	
WIS....	Black River Falls	First National Bank.....	.....
		\$50,000 Hugh H. Price, P. Edward B. Lewis, <i>Cas.</i>	
B. C.	N. Westminster Bank of Montreal..	.....	Bank of N. Y. N. B. A.
		Geo. D. Brymner, <i>M'gr.</i>	
MAN....	Manitou.....	Cruthers & Co.....	.....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 98r.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY..	Manhattan Trust Co....	Francis O. French, <i>P.</i>	John I. Waterbury.
" ..	National Park Bank.....	John I. Waterbury, <i>V. P.</i>.....	.....
" ..	National Shoe & Leather Bank.	Edw. J. Baldwin, <i>A. C.</i>.....	.....
ARK ...	Citizens Bank,	Wm. D. Van Vleck, <i>Cas.</i>	A. M. Scriba.
	Eureka Springs.	J. W. Freeman, <i>P.</i>.....	.....
		R. J. Gray, <i>V. P.</i>.....	.....
		John T. Champlin, <i>Cas.</i>.....	.....
		D. F. Powell, <i>Ass't Cas.</i>.....	.....
" ..	Boone Co. Bank, Harrison.	H. C. King, <i>P.</i>	R. S. Armitage.
CAL....	First Nat. Bank, Grass Valley.	J. M. Thomas, <i>Cas.</i>	H. D. Andrews.
" ..	First National Bank,	Isaiah W. Hellman, Jr. <i>P.</i>	John F. Brossart.
	Monrovia.	John Wilde, <i>V. P.</i>.....	.....
		John H. Bartle, <i>A. Cas.</i>.....	.....
" ..	California N. Bank, San Diego.	D. D. Dare, <i>V. P.</i>.....	.....
" ..	First Nat. B., San Luis Obispo.	B. Sinsheimer, <i>V. P.</i>.....	.....
COL ...	South Pueblo Nat. B'k, Pueblo.	C. A. Hammond, <i>A. Cas.</i>	.....
" ..	Stockgrowers Nat. Bank,	Geo. H. Hobson, <i>P.</i>	M. H. Fitch.
	Pueblo.	J. D. Miller, <i>V. P.</i>	Geo. H. Hobson.
CONN....	City Nat. Bank, S. Norwalk.	T. Baker, <i>P.</i>	R. H. Rowan.
DAK....	Merchants National Bank,	E. W. Martin, <i>P.</i>	W. R. Stebbins.
	Deadwood.	John McNab, <i>V. P.</i>	E. W. Martin.
		F. E. Ickes, <i>Ass't Cas.</i>.....	.....
" ..	Watertown National Bank,	J. W. Martin, <i>Ass't Cas.</i>	.....
	Watertown.	.....	.....

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
DEL....	Sussex Nat. Bank, Seaford....	H. M. Wright, <i>Cas.</i>	M. J. Morgan.
FLA....	First Nat. B., St. Augustine...	Henry Gaillard, <i>Cas.</i>	Josiah James.
"	First National Bank, Tampa...	H. L. Branch, <i>Ass't Cas.</i>....	.....
ILL....	National Bank of Ill., Chicago...	Henry D. Field, <i>2d A. C.</i>....	.....
"	First Nat. Bank, Mt. Pulaski...	David Vanhise, <i>V. P.</i>....	.....
"	Calumet Nat. B. South Chicago...	John J. Fitzgibbon, <i>P.</i>	Horace P. Taylor.
IOWA...	Farm. Loan & T. Co., Holstein...	E. H. McCutchen, <i>Cas.</i>....	.....
"	First National Bank, Waterloo...	Robt. Manson, <i>V. P.</i>	Allen T. Lane.
KAN....	First National B., Garden City...	J. A. Patton, <i>Cas.</i>	C. E. Merriam.
"	First National Bank, Harper...	M. H. Norton, <i>Ass't Cas.</i>....	.....
"	First National Bank, Leavenworth...	J. W. Fogler, <i>V. P.</i>	J. M. Graybill.
"	First National Bank, Russell...	C. Peaper, <i>Cas.</i>	J. W. Fogler.
"	"	David H. Geer, <i>P.</i>	Wm. Blair.
"	"	Chas. A. Wolcott, <i>Cas.</i>	E. C. Haskett.
KY....	Citizens Nat. Bank, Louisville...	W. R. Ray, <i>P.</i>	G. Barret.
"	"	H. C. Rodes, <i>V. P.</i>	W. R. Ray.
"	"	Oscar Fenley, <i>Cas.</i>	H. C. Rodes.
MD....	Denton Nat. Bank, Denton....	T. C. West, <i>Cas.</i>	Richard T. Carter.
MASS...	Safety Fund Nat. B., Fitchburg...	W. S. Jenks, <i>Cas.</i>	Joel G. Tyler, <i>Act'g</i>
"	Northborough Nat. Bank, Northborough...	Samuel Wood, <i>P.</i>	Thos. Rice.
"	Pittsfield National B. Pittsfield...	E. W. Chapin, <i>V. P.</i>	Samuel Wood.
"	Merchants Nat. Bank, Salem...	Zenas Crane, <i>P.</i>	Julius Rockwell.
"	"	James P. Cook, <i>P.</i>	Geo. R. Emmerton.
MICH...	First National Bank, Saginaw...	C. W. Wells, <i>V. P.</i>	John Moore.
MINN...	St. Paul National Bank, St. Paul...	F. W. Anderson, <i>V. P.</i>	C. W. Griggs.
"	First National Bank, Stillwater...	A. C. Anderson, <i>Cas.</i>	F. W. Anderson.
"	"	Chas. N. Nelson, <i>P.</i>	Louis Hospes.*
"	"	Smith Ellison, <i>V. P.</i>	Chas. N. Nelson.
MISS...	Bank of Greenville, Greenville...	A. S. Olin, <i>Cas.</i>	Jas. Robertshaw.
NEB...	First National Bank, Fairfield...	W. T. Newcomb, <i>P.</i>	L. D. Fowler.
"	"	W. P. Aylsworth, <i>V. P.</i>....	.....
N. MEX.	Silver City Nat. B., Silver City...	J. Wm. Carter, <i>Cas.</i>	Geo. D. Goldman.
N. Y...	First Nat. Bank, Johnstown...	J. P. Miller, <i>Cas.</i>	Howland Fish.
"	Yates County N. B., Penn Yan...	Oliver F. Reed, <i>Ass't Cas.</i>....	.....
"	Iron Nat. Bank, Plattsburgh...	John H. Myers, <i>P.</i>	A. Williams.
"	State Bank of Syracuse, Syracuse...	Francis Hendricks, <i>P.</i>	Geo. Barnes.
"	"	Geo. Barnes, <i>V. P.</i>	Frank Hiscock.
OHIO...	Fremont Sav. Bank, Fremont...	Wm. E. Haynes, <i>V. P.</i>....	.....
"	Kinsman Nat. Bank, Kinsman...	L. T. Gilles, <i>Ass't Cas.</i>....	.....
"	First National Bank, St. Paris...	H. M. Black, <i>Cas.</i>	Emmet V. Rhoads.
"	"	A. Musselman, <i>Ass't Cas.</i>	Lambert Pond.
ORE....	Portland Nat. Bank, Portland...	W. Lowe, <i>Cas.</i>....	.....
PENN...	Lewisburg Nat. B., Lewisburg...	D. Bright Miller, <i>P.</i>	Eli Slifer.
"	Lititz National Bank, Lititz...	Israel G. Erb, <i>V. P.</i>	Wm. Evans.
"	Penn. Nat. Bank, Philadelphia...	H. G. Clifton, <i>Ass't Cas.</i>....	.....
"	Peoples National Bank, Pittsburgh...	John W. Chalfant, <i>P.</i>	Richard C. Gray.
"	"	A. E. Painter, <i>V. P.</i>	John W. Chalfant.
"	First National B'k, Shamokin...	Isaac May, Sr., <i>P.</i>	Conrad Graeber.
R. I....	Newport Nat. Bank, Newport...	Wm. Gilpin, <i>V. P.</i>....	.....
TENN...	Nat. Bank of Bristol, Bristol...	John C. Anderson, <i>P.</i>	Jos. R. Anderson.
TEXAS...	First National Bank, Galveston...	Julius Runge, <i>P.</i>	E. S. Flint.
"	"	E. S. Flint, <i>V. P.</i>....	.....
"	Island City Sav. B., Galveston...	A. Weis, <i>P.</i>	H. Kempner.
"	San Angelo N. B., San Angelo...	Albert Raas, <i>Cas.</i>	Geo. E. Webb.
"	Lockwood Nat. B., San Antonio...	M. Freeborn, <i>Ass't Cas.</i>....	.....
"	Waco, State Bank, Waco...	J. M. Holt, <i>Ass't Cas.</i>	M. A. Sullivan.
VA....	Peoples National Bank, Charlottesville...	C. H. Harman, <i>V. P.</i>....	.....
"	"	B. C. Flannagan, <i>Cas.</i>	C. H. Harman.
WASH...	Merchants Nat. Bank, Seattle...	Abram Barker, <i>V. P.</i>	W. H. Reeves.
"	"	Thos. Hutson, <i>P.</i>	Silas Hurd.
WIS...	Bank of Edgerton, Edgerton...	J. P. Towne, <i>V. P.</i>....	.....
"	"	C. L. Burnham, <i>Cas.</i>	Thos. Hutson.
"	Nat. Bank of Neenah, Neenah...	John P. Shiells, <i>Cas.</i>	A. McNaughton.
N. B....	Bank of Nova Scotia, Chatham...	F. R. Morrison, <i>Agent</i>	F. Kennedy.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 98a.)

3890	First National Bank.....	E. C. Schneider, Rockwall, Texas.	T. J. Wood, Jr.,	\$50,000
3891	Citizens National Bank.....	Ed. McCormick, St. Paul, Neb.	T. F. McCarty,	50,000
3892	First National Bank.....	F. P. Morrison, Redlands, Cal.	John W. Wilson,	50,000
3893	First National Bank.....	A. W. Leisenring, Hazleton, Penn.	John R. Leisenring,	100,000
3894	First National Bank.....	John W. Ashby, Gainesville, Fla.	James M. Graham,	50,000
3895	First National Bank.....	W. B. Farr, Hailey, Idaho.	J. M. Burkett,	100,000
3896	Merchants National Bank.....	Ammi W. Wright, Battle Creek, Mich.	Scott Field,	100,000
3897	First National Bank.....	Hugh H. Price, Black River Falls, Wis.	Edward B. Lewis,	50,000
3898	First National Bank.....	Albert W. Miller, Spencer, Iowa.		60,000
3899	First National Bank.....	Thos. S. Plowman, Talladega, Ala.	Jabez C. Bowie,	50,000
3900	Finney County National Bank.	Andrew J. Hoisington, Garden City, Kan.	Albert H. Adkinson,	75,000
3901	American National Bank.....	Wm. Cameron, Waco, Texas.	N. B. Sligh,	250,000
3902	First National Bank.....	Jeremiah Kelly, Hughesville, Pa.	T. J. Parmerly,	50,000
3903	Concord National Bank.....	J. M. Odell, Concord, N. C.	D. B. Coltrane,	50,000
3904	Midland National Bank.....	Witten McDonald, Kansas City, Mo.	Chas. E. Barnhart, <i>Ass't & Act'g C.</i>	200,000
3905	First National Bank.....	Edward Brooke, Birdsboro, Pa.	Wm. Lincoln,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from June No., page 98a.)

DAK....	Madison.....	Madison National Bank is insolvent and has been placed in the hands of a receiver.
IOWA ..	Council Bluffs..	Burnham, Tulleys & Co., now at Omaha, Neb., as the Anglo-American Mortgage & Trust Co.
" ..	Holstein.....	Exchange Bank, succeeded by Farmers Loan & Trust Co.
KAN. ..	Garden City...	Finney County Bank, succeeded by Finney County National Bank.
" ..	Strong City....	Strong City National Bank has gone into voluntary liquidation succeeded by Strong City Bank
MICH ..	Saginaw.....	Citizens National Bank has gone into voluntary liquidation.
MO.....	Cunningham...	Bank of Cunningham, now at Mendon, as Bank of Mendon, same officers and correspondents.
" ..	Kansas City....	Griffith & Price, now S. P. Griffith & Co.
N.Y....	Batavia.....	National Bank of Genesee, now Bank of Genesee, same officers.
OHIO...	Eaton	Preble County Bank (H. C. Hienstand & Co.), now Preble County National Bank.
PA.	Titusville....	Hyde National Bank has gone into voluntary liquidation.
TEXAS..	Rockwall	Exchange Bank, succeeded by First National Bank.
" ..	San Antonio...	Bexar County Savings Bank has discontinued.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JUNE, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in June.						RAILROAD STOCKS.				MISCELLANEOUS.				
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.	RAILROAD STOCKS.				MISCELLANEOUS.			
4 ¹ / ₂ s, 1891.... reg.		Mar.	107	107 ¹ / ₂	107	107 ¹ / ₂	Col. H. Valley & Tol.....				Norfolk & Western.....			
4 ¹ / ₂ s, 1891.... coup.		Mar.	108 ¹ / ₂	108 ¹ / ₂	107	107 ¹ / ₂	Col. & H. C. & I.....				Do Do Pacific.....			
4 ¹ / ₂ s, 1897.... reg.		Jan	126 ¹ / ₂	127 ¹ / ₂	126 ¹ / ₂	127 ¹ / ₂	Del. & Hudson.....				Northern Pacific.....			
4 ¹ / ₂ s, 1897.... coup.		Feb.	127 ¹ / ₂	128 ¹ / ₂	127 ¹ / ₂	128 ¹ / ₂	Den. & Rio Grande.....				Do Do Pacific.....			
6 ¹ / ₂ s, cur cy, 1895, reg.		Jan.	121	121 ¹ / ₂	119	121 ¹ / ₂	Do Do.....				Ohio & Mississippi.....			
6 ¹ / ₂ s, cur cy, 1896, reg.		Jan.	123	123 ¹ / ₂	121 ¹ / ₂	123 ¹ / ₂	East Tenn. V & G.....				Ohio Southern.....			
6 ¹ / ₂ s, cur cy, 1897, reg.		Jan.	125	125 ¹ / ₂	124	125 ¹ / ₂	Do Do 1st pref.				Oregon Imp.....			
6 ¹ / ₂ s, cur cy, 1898, reg.		July.	128	128 ¹ / ₂	127	128 ¹ / ₂	Do Do 2d pref.				Oregon R. & N.....			
6 ¹ / ₂ s, cur cy, 1899, reg.		July.	130	130 ¹ / ₂	129	130 ¹ / ₂	Fort Worth & Den.....				Oregon St. Line.....			
Atlantic & Pacific			—	8 ¹ / ₂	—	—	Houston & Texas C.....				Pacific Mail.....			
Buff. R. & Pitts.			—	32	32	—	Illinois Central.....				Philadelphia & Evansville			
Canadian Pacific			57 ¹ / ₂	57 ¹ / ₂	55 ¹ / ₂	—	Indiana, Bloom. & Western				Philadelphia & Reading.....			
Canada Southern			48 ¹ / ₂	46 ¹ / ₂	46 ¹ / ₂	—	Lake Erie and Western.....				Pulman Palace Car Co.....			
Central of N. J.			83	83 ¹ / ₂	80 ¹ / ₂	81 ¹ / ₂	Do Do pref.				Richmond & Allegheny.....			
Central Pacific			—	30 ¹ / ₂	29	—	Lake Shore.....				Rich. & W. P. Term.....			
Ches. & Ohio			—	2	—	—	Long Island.....				Rome, W. & Ogd.....			
Do Do		1st pref	—	—	—	—	Louisville and Nashville.....				St. Louis, A. & T. H.....			
Chic. & Alton			136	136	135	—	Louisville, N. Alb. & Chic.....				Do Do.....			
Do Do			112 ¹ / ₂	112 ¹ / ₂	109 ¹ / ₂	—	Manhattan Consol.....				St. Louis & San Francisco.....			
Chic. B. & Q.			66 ¹ / ₂	66 ¹ / ₂	61	64 ¹ / ₂	Marq. H. & O.....				Do Do 1st pref.			
Chic. M. & St. P.			108	107 ¹ / ₂	98 ¹ / ₂	—	Memphis & Charleston.....				Do Do.....			
Do Do		pref.	109	109 ¹ / ₂	102 ¹ / ₂	106	Michigan Central.....				St. Paul & Duluth.....			
Chic. & N. W.			141 ¹ / ₂	141 ¹ / ₂	138 ¹ / ₂	—	Mil. L. S. & W.....				Do Do.....			
Do Do		pref.	106	108	102 ¹ / ₂	103	Minn. & St. Louis.....				Do Do.....			
Chic. R. I. & P.			—	34	30 ¹ / ₂	—	Mo. Kan. & Texas.....				Do Do.....			
Chic. St. L. & P.			—	36	33 ¹ / ₂	—	Missouri Pacific.....				Do Do.....			
Chic. St. P. M. & O.			—	104	104	—	Nash. C. & St. L.....				Do Do.....			
C. C. & I.		pref.	—	46 ¹ / ₂	43 ¹ / ₂	—	N. Y. C. & Hudson.....				Do Do.....			
Col. Coal & Iron.			34	33 ¹ / ₂	32 ¹ / ₂	33 ¹ / ₂	N. Y. C. & St. L.....				Do Do.....			
			—	34	33 ¹ / ₂	—	N. Y. L. E. & W.....				Do Do.....			
			—	34	33 ¹ / ₂	—	N. Y. & New Eng.....				Do Do.....			
			—	36	33 ¹ / ₂	—	N. Y. & Ont. & W.....				Do Do.....			
			—	46 ¹ / ₂	43 ¹ / ₂	—	N. Y. Sus. & W.....				Do Do.....			
			—	34	32 ¹ / ₂	—	Do Do.....				Do Do.....			
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			—	34	32 ¹ /<									

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

AUGUST, 1888.

No. 2.

GOVERNMENT BUSINESS CHANGES AT NEW YORK.

Two important changes in the methods of transacting Government business at this port have been inaugurated during the past month, and successfully accomplished. About two-thirds of the entire customs collections at this port are now paid by check under the newly devised system. The new method embraces every bank whose customers do extensive customs business. Assistant-Treasurer McCue commends the new system as being of undoubted advantage to the Government, and there is no question of its popularity among the importers. While the amount of business transacted in this way has been rapidly increasing, the necessary clerical work at the Sub-Treasury has decreased, and it is now believed that the operations will involve no serious inconvenience or additional labor. The new method has resulted in an increased percentage of gold certificates in customs payments and decreased percentages of other forms of money. Another change has been the transfer of \$23,000,000 of gold from the Bank of America to the Sub-Treasury, and the cancellation of the old Bank of America issue of gold certificates to that amount. This large movement was accomplished without perceptible embarrassment or inconvenience to any of the parties interested, and the old certificates disappeared at the rate of about \$1,000,000 per day, and were replaced by Treasury certificates. This transfer was completed at the commencement of the month, and an apparent increase in

gold holdings at the Sub-Treasury was explained in this way. Another change which bankers have desired in the form of the Treasury certificates has not yet been ordered. One reason assigned is that action by the Treasury Department changing the form of these certificates might be criticised, inasmuch as Congress is in session, and a change of practice could with greater propriety originate with the legislative branch of the Government. Another objection suggested is, that no change should be made the tendency of which would be to encourage banks to hoard gold certificates.

GROWTH OF NATIONAL BANK DEPOSITORIES.

One would scarcely suppose, from the recent discussion, that the national bank depository system had been in operation for a full quarter of a century; nor that it had already stood the test of the wildest speculative eras and panics the country has ever passed through. Yet such is the fact. From the commencement of the fiscal year 1864 to the close of the fiscal year 1888, it has been in operation under each successive Secretary of the Treasury, in virtue of the discretionary authority conferred by law. The aggregate amount of public funds handled during these twenty-five years by this great agency of the Treasury has been about \$4,700,000,000, and the balance held has varied from \$6,000,000 to \$62,000,000. At the close of 1864, the balance was about \$40,000,000, and during four years following declined to \$23,000,000 in 1868. Since that year it has never risen to the latter figure except in the panic year of 1873, when it exceeded \$62,000,000, and during the current fiscal year, when it again rose to this high figure, at about which it has been maintained for several months. From 1874 to 1887, the balance never exceeded \$15,000,000, while it is now about three times as large as it was a year ago. During the entire period the Government has never been subjected to the slightest loss, except during its earliest stages, before the system had been fully organized and strengthened.

During the past year, however, the number of depositories has been increased more rapidly than ever before, as they have proved to be the most economical, efficient and expeditious agent in the discharge of public business, since the changes of policy toward these depositories have relieved the system of any suspicion of favoritism, and have placed it upon a safer business basis. The rapid growth in the number of, as well as in the amounts held by these depositories, has been due to the expansion of the Treasury balance, as well as to the increasing convenience and usefulness

of this system to the Government, in making its collections, transfers and disbursements. Whatever objection could be made to the Government's leaving so large a balance with the banks, by which it is secured in the deposit of bonds, would be far greater, to any other disposition of this accumulation of money in the Treasury. So long as this exists, the balance on deposit with the banks will probably show little if any reduction, as indeed it should not, for the evils of hoarding are thus obviated, and the danger of a tight money market placed beyond the range of present probabilities.

To those who have joined in the cry against the national bank system, and who regarded it as a creation of war necessities, it may be a surprise to find that these banks are of equal use to the Government in times of peace, and the most effectual safeguard the business of the country has, against bad financial legislation.

VALUE OF RAILROAD STATEMENTS.

The following is from the financial columns of one of our New York daily papers :

An explanation of the Chicago, Burlington and Quincy method of accounting is given by the Boston *News* Bureau, which explains that the company has charged up all the extraordinary expenses of the spring and early summer as the bills came in, and has followed the custom of a great many companies in distributing extraordinary expenses through all the months of the year.

If the above is true of the Burlington and Quincy, and is also "the custom of a great many companies, in distributing extraordinary expenses through all the months of the year," of what value or use can be their monthly statements, except to mislead the public? And if their annual statements are made up from and agree with their monthly ones, as is presumable, of what greater value can their yearly statements be than their monthly? If the expenses, extraordinary or otherwise, of any given month can be carried over and "distributed through all the months of the year," why also cannot extraordinarily bad earnings be held back and equally concealed from the public, which is asked to invest in these securities, and from the stockholders who own them? And, if they can be carried over or concealed "through all the months of one year," what is to hinder this being done for two, or more years, or indefinitely? And, finally, of what use are the statements of such roads, and what safety is there to the investor who buys their securities? But it is to be hoped there are few roads whose managers do what no business man could, with his private accounts, without laying himself liable for false representations to his creditors,

who base their loans, as the public do with the railroads, upon such statements. Yet, if "it is the custom of many roads" to do this, then there is surely a great need of a law, compelling honest and uniform accounting in every railroad office in the country, according to the rules of all commercial and financial bookkeeping, that can be understood, and that will show, instead of conceal, the true condition of corporations whose securities are held by the public. Not only investors and stockholders are left at the mercy of such misleading statements, but banks and bankers who are continually loaning money on such securities, as collateral, are neither permitted to look at the company's books, nor to go behind these returns of corporations to verify their truth or discover their falsity. Nothing but private information, which is expensive, if not unattainable, or unreliable, is left to guide banks in the selection or rejection of such collateral; unless, indeed, they apply a very simple remedy in their own hands, by combining to refuse as collateral the securities of all roads whose statements and bookkeeping are open to such suspicion and closed to inspection of the stockholders, or are kept in such a way as to conceal, rather than reveal the true financial condition of the corporation, and as all sound and honest commercial and financial houses keep their books. It is, therefore, to be hoped, for the interest of all concerned, that the Burlington Company was misrepresented by such an explanation of its statement, which is far more damaging to public confidence, than the worst deficit, since one is now known to exist.

RIGHTS OF MINORITY STOCKHOLDERS.

The decision in the case of the minority, against the majority stockholders of the Royal Baking Powder Company, is one of great importance, as a recent precedent, in defining and protecting the rights of the former, as against the latter, and as a remedy against the "freezing out" process, so much in vogue in the mismanagement of corporations in this country. This case was a particularly aggravating one, from the amounts involved and the extreme abuse of the power of the majority, as well as the denial of all rights of the minority. But the principle involved is identically the same as in most such cases. The facts were simply those so common, where a business has become unexpectedly profitable, and part of the original creators thereof want more than their original share, while the other original owners will not sell out, and the majority attempt to compel the minority to do so. In this

case the attempt to "freeze out" the minority by stopping all dividends on stock, was accomplished by electing the majority stockholders to offices, created for them, by themselves, as trustees, and voting themselves exorbitant salaries, that ate up the profits that should have gone to pay dividends, followed by turning the minority stockholders out of any control in the management of the company, and refusing them access even to its books and all knowledge of its condition. Accompanying this and preceding it, were threats that this would be done and continued until the minority would be glad to part with a portion of their stock to the majority.

The judge decided that, as trustees, the majority stockholders abused their trust, and administered it in the interest of one set of stockholders while bound to do so equally for all. He also decided that while they had a right to create all necessary offices, and pay them liberally according to the success of the business, they had no right to pay exorbitant salaries to eat up the profits of the concern, all of which went to the majority, and none to the minority stockholders, in order to compel the latter to sell their stock, which motive was proven by the threats of the majority preceding their action, and by their action carrying out those threats.

This decision, however, is not final, being in the Special Term of the Supreme Court of this State, from which it will be carried to the Court of Appeals, where it is to be hoped a final decision, establishing and protecting the rights of minority stockholders, will be sustained. Had this been a new, or unprofitable business, where the skill or financial assistance of the majority had built up or saved the concern, without the aid of the minority, the case would have been altogether different, and doubtless the decision also.

The Cable War Settlement.—All sorts of rumors have been in circulation about an impending settlement of the cable war during July. It looks as if there was really some more foundation for these reports than before, but nothing definite has been arrived at, although it is possible that negotiations have been renewed. So buoyant has the stock market been, that the rumor proved sufficient to induce heavy buying of Western Union. The point, however, has been so freely distributed that it could hardly have escaped anybody who ventured near Wall street. On the last day of the month the settlement was announced, and rates are to be restored September 1st.

A REVIEW OF FINANCE AND BUSINESS.

FULFILLMENT OF THE JUNE PROMISE OF GOOD CROPS.

The predictions in our last review, that if the weather conditions for the crops continued as favorable during July as they had been in June, the uncertainty as to good crops would be practically removed, and that the improvement in business would have set in, by August 1st, have been fully verified. We also said that the railroads would, probably by that time, have passed through the period of smallest earnings, and the stock market, that of its greatest depression, while the iron industries would soon follow the railroads, and then an improvement in general business, in the wake of the certainty of good crops. These predictions are also being rapidly fulfilled, and the prospects of a good fall trade are already beginning to be realized. Not only was the improved promise of the crops in June maintained through July, but there has been a further gain, until there is probably no cereal or feed crop, but that of winter wheat, which will not be a full average, while many now promise to be the largest we have ever raised. Among these may be classed hay, oats, spring wheat, as well as corn and cotton, barring early frosts. The full realization of present prospects, therefore, means one of the most abundant crop years, as a whole, this country has ever had. The indications from the condition of winter wheat, according to the July crop report of the Agricultural Bureau, of 75.6, would give a production of 10.9 bushels per acre on about 23,000,000 acres, or 250,700,000 bushels, and of spring wheat, a condition of 95.9 would indicate a production of about 13.5 bushels, or a total of 179,600,000 bushels, making a total crop of about 430,000,000 bushels. The crop of oats shows about as last month, indicating a crop of about 785,000,000 bushels. The area of corn is given as about 76,000,000 acres, and on the per cent. of condition the production would be about 1,960,000,000 bushels.

THE CROP SITUATION ABROAD.

While we have ourselves to congratulate for these brilliant promises of the crops at home, in place of the most unfavorable ones for years, during May, Europe has to lament as radical a change in the other direction, in her crop prospects. The month of July has witnessed almost incessant cold, raining, and unfavorable crop weather throughout the greater part of Europe, until great and irreparable damage has already been done to most of her food, if not her feed, crops. The harvest is also three weeks late, and the rains are now damaging the quality, where harvesting

is in progress in southern Europe, and the double calamity of short and poor crops now seems to be generally expected. At the same time, the crops of the grain exporting countries of the Southern Hemispheres of the Old and New Worlds have not proved so abundant as expected, or other crops less, and they will not have as large a surplus over home wants for export as had been estimated. This is notably the case in India, where the rice crop has been hurt by drought. The Indian Agricultural Department gives the following result: Area of wheat, 27,038,954 acres, against 26,735,484 acres last year; yield, 6,817,750 tons, against 6,244,461 tons. The official reports lay great stress upon the exhaustion of old stocks, and state that the increased yield this year will be partly absorbed in replenishing reserve stocks. So far this season the exports are 11 per cent. less than in either of the two previous years. The figures of the yield indicate a crop of 254,529,330 bushels, against 233,126,540 bushels last year—an increase of 21,392,790 bushels. Beerbohm's says that from present indications France will be short 10 per cent., or 30,000,000 bushels of wheat, Hungary 10 to 15 per cent. short, or 16,000,000 bushels, Italy 10,000,000 bushels short, and the United States, by the last crop report, will be about 24,000,000 bushels short, and Chili one-third short, or say 85,000,000 bushels. Against this, Russia will probably produce 32,000,000 bushels more than last year. Australia has produced 8,000,000 bushels more and India 21,000,000 bushels more, or a total of 61,000,000 bushels more, and a greater part of the surplus of India will, by the official report, be needed at home. Indications were that the United Kingdom, Spain, Roumania and Turkey would have about the same as last year. It is plain, therefore, that with a much greater deficit in the supplies of home grown food and feed in Europe than for many years, and a smaller surplus for export from other exporting countries, there will be a better demand from abroad for our crops than for several years past, and that we are likely to get higher prices for larger crops than for the last five years.

PROSPECTS OF RECOVERING OUR EXPORT TRADE.

The improving prospects of our export trade, noted last month, are, therefore, still brighter than then, with the promise, on present weather conditions both sides of the water, of recovering our lost supremacy in the export trade in farm products. Already Europe has begun to take our wheat freely; and, from being Bears on our market, where they have sold futures against purchases of actual wheat in every other market of the world, for the last five years, exporters have now turned Bulls, and have been buying both actual wheat and futures here, for prompt and future shipment all the

month of July, until Europe is now heavily long in our markets on wheat instead of heavily short, for about the first time since we lost our control of the grain export trade of the world. Nor is this all. Export houses have been taking all the spot corn on the seaboard during July, and are now buying the options, as in wheat, instead of selling them as a hedge to insure them against loss on their cash purchases, while on passage to the other side. This is such a radical change in the export situation that our speculators cannot realize that they are the old-time conditions over again, such as when we made the price for our crops and not Europe. Hence they have changed places with the foreign speculators and shippers, and have sold the latter all they wanted, on the assumption that late Bear conditions still exist, based upon the prospects of our own abundant crops, while losing sight of the radical deficit in importing countries, such as sent prices above \$1.25 for wheat in New York, during 1879 to 1882, instead of below 90c., as they have been most of the time since.

THE CROPS AND STOCK MARKET.

The first interest to recognize and respond to this wonderful and happy change in crop conditions for us, has been railroad stocks, which have been lifted at last out of the Slough of Despond in which they have been half floating, half sinking for over a year, and buoyancy as well as activity have taken the place of depression and dullness. As the stock market is the first to anticipate a change in business conditions, so are the railroads the first to be benefited thereby, no matter in what branch of trade. But an improvement in the export trade is the greatest boon of any to the railroads; and when coupled with larger crops they are secured increased tonnage, and good rates, for one year to come at least. This certainty of a heavy increase in earnings for the coming crop year is what has put up railroad stocks so sharply, and holds them up so firmly now, as short crops, poor export demand, and low prices for farm products, put prices of railroad stocks down last year and kept them there. The advance in stocks is, therefore, perfectly legitimate and natural, and is likely to continue until the present prospects are realized in traffic and seen in earnings. The public will then come in and buy, after the shrewd investors and professional speculators who are buying now have got through, and are waiting for the big earnings boom to sell on. Then will follow the demand for more cars to carry this increased traffic, more motive power to haul, and new rolling stock to take the place of old, and, finally, new track or rails and plant generally. Then will the iron industries revive, as they already show signs of, and the coal trade become more active even than now. Only a change in present

crop conditions can defeat this happy consummation, for which the iron manufacturers are evidently preparing already; for, what threatened a month ago to be a long lock-out and a bitter fight between them and their men, over an attempt to reduce their wages, was settled amicably early in the month by the manufacturers signing the Amalgamated Iron Workers' scale of wages. The advance in stocks has been so sudden, however, and so sharp, that the public have not looked upon it as legitimate, and are waiting for a reaction to buy. The bottom prices for stocks were reached June 12, since when the favorites have advanced nine to thirteen points, with but slight reactions, till the last days of July; and, it would be natural that there should be some further decline, before another advance, even should crop promises all be realized and show in railroad earnings, later on. Judge Brewer's decision in the case of the Iowa Railroad Commissioners in favor of the roads was regarded as a Bull point, though it did not affect stocks as much as it did the minds of the Bulls, who appeared to have expected it, as, indeed, they might, for no one supposed unreasonably low rates were intended under the law, any more than unreasonably high ones.

THE MONEY AND BOND MARKETS.

The orders for gold for shipment to Europe early in the month were a surprise. While they were special transactions, it was hardly anticipated, in view of the fact that the Imperial Bank of Germany had ceased to make advances free of interest on imports of gold, the supply of the bank having increased steadily and rapidly for some months. Sterling exchange has ruled below the gold exporting point all the month, and closed weak on light demand, with free offerings of security bills. Despite the large addition of securities to the Stock Exchange list during the past six months, the supply of funds available for investment is continually increasing. A very large percentage of the securities represent investments made under different names, notably, that of the Texas Pacific, Western New York & Pennsylvania, Reading, Chesapeake & Ohio and Houston & Texas Central. The amount of money on deposit has been swollen by the repayment of principal to an amount unheard of before in any one period, and the deposit in the Associated Banks of New York, which last month, for the first time, exceeded \$400,000,000, are now greater than ever before and promise to increase still more. The demand for bonds, therefore, continues, and prices to advance. The offerings of bonds to the Treasury, consequently, are moderate, and its purchases are diminishing, with little prospect of their increasing until the movement of the crops makes a more active and higher money market; as it is, the bank reserves are still increasing.

THE PRODUCE MARKETS MUST FOLLOW.

After the boom in stocks, if our Bear speculators do not get hoist by their own "short" petard before, the produce markets must follow in the upward movement in prices, consequent upon the increased outward movement of these crops as soon as harvested. At present, the conditions of speculation are exactly reversed from those of May. Then foreign houses were short and Bearing our markets on good weather in Europe, while American speculators, led by those in Chicago, were long and Bulling our wheat on the damage to our winter crop. Chicago got whipped then, and is likely to be as badly whipped now on the other side, as conditions are doubly Bullish now as a whole, unless fair weather comes soon, and stays till harvest is over in Europe.

Corn has also been depressed by Chicago Bears, on the promise of the largest crop ever raised, namely, 2,000,000,000 bushels. But the old crop, like that of wheat, was short, and the new one, however abundant, will not be available until after it is grown, and harvested, and cured, which will not be till December at least. The spring wheat cannot be marketed earlier than September, while the new winter wheat is so poor in quality, as well as short in quantity, that scarcely any has graded No. 2, or the speculative grade, which has been sold short freely in the New York market for August delivery, in expectation of a free movement which, so far, is both late and small. A reaction sharp as in stock would, therefore, be natural in the wheat and corn markets, as well as in flour. But the big crop of new oats is already secured, and will soon move, and, hence, may not follow corn.

Provisions have been held down by the big packers and speculators in Chicago below the cost of production for several months, in their efforts to cover the short sales of last fall, made to break the price of hogs, and on which some of them have been hung up badly ever since. The summer supply of hogs has not been large enough to enable them to break the price yet. But, rather, it has kept advancing, until, at last, the products of the hog were forced up too, and the shorts with them. Now they are covering as fast as they can with the small offerings, and slowly settling up their shorts at heavy losses. For no increased supply of hogs can be secured from the growing big corn crop until another year. Higher prices still are therefore predicted. Since the above was written, the prediction has been verified, as the shorts were hoist nearly four cents in one day on wheat, with continued rains in Europe.

THE AUGUST SQUEEZE IN COTTON.

The collapse of the attempted squeeze of the Liverpool shorts in cotton in the New York market last spring has been followed by a reorganization of the old Bull party, under the lead of John H. Inman, Solomon Ranger and Lehman Bros., who took advantage of the boldness which their success last spring gave the Liverpool Bears, to sell this market more heavily short for August on the fine new crop prospects. As September is the earliest month on which the new crop is available the balance of the old crop is more easily handled than last spring, since when exports have been very free. It is said that the short interest is about 100,000 bales, sold at 10 to 10½ cents per lb. The market has advanced above 11 cents during July, and the Bulls threaten to put it to 12 cents, and the Bears, represented by Henry Henty, are shipping American cotton back from Liverpool to New York to deliver on their August contracts.

There has been a good deal of sensational newspaper writing in regard to a corner in raw sugar, said to have been engineered by Claus Spreckles, of San Francisco, as against the Sugar Trust. Well informed parties in the trade deny these statements and say the radical change from the long period of depression in sugar, by reason of increased demand and reduced stocks and production, has forced prices up, and not manipulation nor a fight between the Trust and Spreckles, who is believed to be secretly working with it while advertising his opposition and himself and sugar as well.

THE ADVANCE IN SUGAR AND POSITION OF MARKET.

The *Commercial Bulletin*, in alluding to the recent change in the position of the sugar market and refiners, says:

"The present condition of the raw sugar trade is such as to give great encouragement to the importers, who have heretofore during the past few months suffered under the constant pressure of 'Trust' influence bearing prices down to rock bottom figures. The strong statistical position of the general market has at last asserted itself, and as a natural and inevitable result, based upon the infallible laws of supply and demand, prices have strengthened, and the importers are treated to a breathing spell, which is particularly grateful to the recipients, in view of the possibility of entire extinction which has constantly confronted them since the formation of the refiners' giant combine. Nevertheless, there is absolutely nothing startling, or even unexpected, in the present market conditions. The raw sugar crops, as has been positively known for some time, are materially short,

which of itself is enough to guarantee at this time a comparatively strong market. Add to this strengthening fact the recent action of the retail grocers in holding off purchases until their stocks were absolutely exhausted, then all together rushing into the market, with the natural result of absorbing all the refined product on hand, and forcing up alike the price of raw and manufactured product, and you have an explanation of the present market advance. The statistical features of the situation may be briefly epitomized as follows: The local market is firm and advancing daily; the position is unusually and intrinsically strong, showing a decrease in stocks of principal countries, computed on the 1st day of June, of nearly 40 per cent. from the volume on hand at a corresponding date in 1887. Since June 1st, the decrease in stock has been going steadily on, and the present strong and still strengthening condition of the market is, under the circumstances, only natural. The Trust held off its purchases until the stampede of the sugarless retailers absorbed all the refined product on hand, and forced the 'Combine' into the market as a purchaser, even in the face of strengthening prices. But just how short of raw sugars the Trust may be is as yet an unsolved problem agitating market scrutiny. There is a very strong belief springing up that the 'Combine' is not as badly off for raw sugars, except in a temporary sense, as the majority sentiment of the trade would seem to indicate, and it is thought by many that the Trust has made large purchases at primary points which have never been reported, and which, upon their arrival here, will put the 'Combine' in a position to reassert its 'squeezing' influence upon the trade. Meanwhile, the raw sugar market grows in strength, and the importers in cheerfulness. No shortage of sugar is feared to the extent of inability to meet the demands of consumption, as has been widely and erroneously reported as a trade opinion. The market position is strong and healthy, while its controlling conditions are self-evident, natural, and legitimate."

FOREIGN COMMERCE AND TRADE BALANCE FOR 1887-88.

Exports of merchandise for June, 1888, were \$44,626,822: imports, \$62,833,162; exports of gold, \$3,154,276; imports, \$293,170; exports of silver, \$2,122,832; imports, \$916,088. Total exports of merchandise for fiscal year ending June 30, \$695,974,619; imports, \$723,865,146. Total exports of gold, \$16,860,093; imports, \$43,934,817. Total exports of silver, \$29,215,599; imports, \$15,403,169. During the year there was an increase of \$11,336,786 in the total value of imports and exports of merchandise. There was a decrease of \$20,208,592 in value of exports of merchandise, and an increase of \$31,545,378 in value of imports. The decline of domestic ex-

ports was chiefly in wheat, corn, refined sugar and leaf tobacco; but there was an increase in the values of exports of cotton, wheat flour, beef products and animals. The imported articles which show the largest increase in value during the year are coffee, vegetables, tin (in bars, blocks and pigs), wool manufactures, hemp, barley, silk and manufactures of silk, wool and railway bars of steel. There was an increase of \$7,158,906 in exports of gold, and an increase of \$1,024,216 in the imports of gold. The excess of exports of silver during the year was \$13,-812,430, as against an excess of exports of \$9,036,310 during 1887. Exports of merchandise from United States in the last fiscal year were the smallest in ten years, with the single exception of 1886, and imports have only once been exceeded, in 1882. For the second time in fifteen years there was an excess of imports over exports, but the excess of gold import was almost exactly the same amount. November was the month of largest export and February of largest import. The largest import of gold in the past six years for one month was \$21,047,525, in April, 1883, and the largest imports were \$14,089,274 in September of last year.

GENERAL BUSINESS AND PROSPECTS.

The New York *Daily Commercial Bulletin* confirms the views of the MAGAZINE of July as follows:

"The business outlook continues to grow more encouraging, according to reports from various sections of the country. As usual at this stage of the season, most lines of trade are exceptionally quiet; but the improvement in the condition of the crops is imparting a decidedly more cheerful disposition everywhere. There are certain features prominent in several of the leading branches of trade at the same time, and to an unusual degree. Speculation has been dormant, consumption large, stocks limited, competition keen, and prices low. This certainly implies a healthy, if not an active condition of trade. The majority of complaints come from the neighborhood of Chicago, where difficulties in the railroad situation have affected the business spirit of that locality, and from two or three of the high tariff industries, whose special interests are, or affect to be, threatened by tariff agitation. As the worst has been made of these influences, their effect would seem to have been sufficiently discounted. At least, there are ample forces on the other side to permit a more hopeful feeling than has lately prevailed, and later on we anticipate a revival in business, which will result in a fair and reasonably satisfactory fall trade. With the election in view, enterprise may possibly be deferred or diverted in some branches of trade by expected tariff changes; but somehow the country has continued to grow in spite

of all such hindrances, and we are inclined to believe that it will keep on growing. Meanwhile, the laboring classes continue well employed at good wages, and the country at large appears to be enjoying a period of exceptionally quiet and unconscious prosperity." The most thorough analysis of the financial situation shows that we have been right in maintaining that only speculation is depressed, and that business is fully up to its usual standard at this season, while its autumnal outlook is more than usually bright. This verdict has been widely disputed, and persistent and determined efforts made to put the darkest aspect upon business; but with fuller knowledge and more accurate returns as to the situation, this view is fully confirmed. Speculation has been checked by causes for which those who suffer are largely to blame. Business has not been depressed to the extent made to appear, and the inevitable quiet of midsummer is preparing the way for what promises to be a reasonably active fall and winter trade.

FINANCIAL FACTS AND OPINIONS.

Payment of the Public Debt.—At times when the Treasury Department has been rapidly reducing the public debt by the redemption of bonds, subject to regular calls, the operations of the Sinking Fund law have involved only a simple matter of bookkeeping, and have necessitated no departure from the general line of Treasury policy. A very different state of affairs is now presented, when no portion of the public debt is payable, and when the Sinking Fund requirements render compulsory the annual purchase of an amount of bonds which is perhaps as great as the Secretary could secure under any system of purchases at reasonable rates, and affords means of liquidating the entire bonded debt within a period of twenty years. Instead of continuing as a comparatively insignificant feature of Treasury operations, the Sinking Fund law has attained importance as a medium by which the payment of the public debt will be continued for some years at a rate as rapid, perhaps, as could be secured by any other system of payment which Congress and public opinion would sanction. For the past year the Sinking Fund requirements were \$46,800,000; this year they will exceed \$45,000,000, and will of course gradually decline as the aggregate of indebtedness is diminished. In 1886 Treasurer Jordan calculated that the entire bonded debt would be paid through the operations of the Sinking Fund law alone by the year 1908. The debt reduction since this estimate was made has been decidedly more rapid than he then anticipated. During the past twenty years

something like \$1,500,000,000 of public debt has been paid, and during the next twenty years, under the provisions of the Sinking Fund law, the remaining \$1,000,000,000 of debt would be liquidated. The public debt has ceased to be a burden, and while good policy demands its rapid extinguishment, there is no such necessity as has heretofore existed for a rapid rate of debt retirement. The difficulty which the Secretary of the Treasury has encountered during the past ninety days, in securing about \$30,000,000 of bonds, shows how inadvisable and expensive will be any policy which compels him to purchase during the present year more than the \$45,000,000, which must be bought to satisfy the Sinking Fund. To exceed this amount of purchases is to compel an increase of price, which public opinion cannot be expected to sustain. It is now apparent that the Sinking Fund laws provide for the retirement of the public debt as rapidly as bonds can be reasonably purchased, and at a rate which must be regarded as remarkably expeditious in comparison to the debt-paying policy of any other nation, or even our own wonderful achievements in this direction. Conceding that debt reduction is not demanded, and for some years to come is scarcely possible, at a rate more rapid than contemplated by the Sinking Fund law, it is apparent that the only possible defense for excessive revenues and the maintenance of a surplus is effectually done away with. The payment of national debt at the most rapid possible rate is a policy distinctively American, and in the highest degree meritorious; but this wholesome sentiment and sound policy cannot, under existing circumstances, even by the most ingenious perversion, be made an excuse for the failure to relieve the people of excessive taxation and to put a stop to the dangerous accumulation of Treasury surplus.—*Daily Commercial Bulletin*.

A Half Year of British Finance and Trade.—A summary of British trade for the first half of the current year, published by the London *Economist*, shows a steady and substantial expansion of both imports and exports as compared with the corresponding period of last year. The imports for the six months were greater by six per cent. and the exports by seven per cent. than those of the first half of 1887. The great increase in exports during May, however, was not sustained during June, but a continuance of this favorable showing is expected for the balance of the year. The half-year's imports were valued at 189,730,000 pounds and the British exports of home and colonial products at 144,753,000 pounds. The increase of imports was in metals, raw textile materials and food products. The increase of exports was distributed through many classes, being most marked in metals and least marked in textiles. The general level of prices is rather below that of a

year ago, and the increase in value consequently represents at least as great an increase in volume. The receipts of goods on British railways were almost equal for the two quarters, and for the half year aggregated 18,229,000 pounds—an increase of three per cent. over the first half of 1887. The increase has been greater during the latter part of the six-month period. The London Bankers' Clearing House returns are found to show an increase of twelve per cent. over those for the first six months of 1887. Six per cent. increase occurred during the first quarter, and nearly eighteen per cent. during the second quarter. The total clearings, exclusive of Stock Exchange pay-days, were 2,699,706,000 pounds. The Manchester clearings were 66,808,000 pounds, and showed an increase of seven per cent. As to the stocks held July first in various branches of trade, the returns are incomplete, but indicate increased stocks in most classes, with the exception of cotton, hemp, silk, coffee and turpentine. Speculators and syndicates have kept up the metal stocks.

Another Rip Van Winkle.—Claus Spreckles, the California sugar monopolist, who told a committee of Congress, appointed to investigate the Sugar Trust, that, after working for himself all his life, he was now going to “swear off” and work for the people of this country, by staying out of the Trust and giving them cheap sugar, has already repented once; and, like Rip Van Winkle, won't count this time, but just take another \$2,000,000 out of the people, by cornering the market for raw sugar.

Forty Per Cent. Loss in Earnings.—Five months' operations on the Chicago, Burlington & Northern show a falling off of 40 per cent. from the business of last year, when the road was new, and the munificent sum of \$3,896 were its net earnings. This is a trifle more than one-half of 1 per cent. Meanwhile, the Chicago, Burlington & Quincy has not only had to take care of the interest, but, more than that, has had to redeem \$100,000 bonds of the company.

The Dressed Beef Bone of Contention.—The whole dressed beef business which has so demoralized all freight rates, does not amount to an average of 150 cars a day, divided among eight or ten roads, according to one of the Trunk line officials, who says the old rate was \$110 a car, and it must be perfectly clear to anyone that at \$30 a car the road loses the most which takes most of it. The net reduction from the old rate makes about \$10,000 a day—not a small sum it is true, but comparatively insignificant when divided up among so many roads. The last reduction in the rate on dressed beef has made the tariff the lowest ever known. The

Erie quoted a ten and a half cent rate, but was only trying to accommodate its customers, and not trying to make any new ones at that figure. The Pennsylvania rate of four and a half cents a hundred on live stock is the lowest in the history of railroads, and would give the company about \$250 for a full train of twenty cars of cattle from Chicago to Philadelphia. Early in the month dressed beef rates were reduced from 10½ to 9, cattle rates from 5½ to 5, and wool and tobacco 3 cents.

Fears of Trouble on the Paris Bourse.—Although there has been a marked improvement on all the foreign exchanges, and prices of foreign securities have shown great buoyancy during the past month, conservative bankers are said to look with apprehension lest there should be a crisis in France, consequent upon the almost inevitable collapse of the Panama project eventually, and the expected difficulty in the French copper syndicate. It is intimated that a very considerable share of the profits on the latter deal have already been realized, and that Boston is holding the bag.

Northern Pacific Prospects.—Vice-President Oakes, of the Northern Pacific, thinks that there is business enough in sight now to warrant the continuance of the present volume of traffic through the present year. The crops on the Pacific slope, he says, will not be above the average, but those of Dakota will be very heavy, the condition being very fine and the acreage larger than ever. The tide of immigration continues.

Duties Paid by Check.—The new system of paying customs duties by bank checks meets the approval of merchants and customs officials, and promises soon to supersede the payment of cash altogether. The first check presented under the new method was drawn, early in July, on the Western National Bank by R. F. Downing & Co. The banks which issue customs checks, deposit money in the Sub-Treasury, the cashier of which sends a memorandum to the collector each morning of the amount of money so deposited by each bank. The cashier of the custom house then accepts the certified checks of such banks for duties. The checks are deposited by the collector at the Sub-Treasury, where they are placed to his account every afternoon. They are then charged against the bank deposits, and cashiers' checks are sent to the banks to show how much of the deposit remains on hand. The chief advantage of the system is that it relieves banks and importers of the risk and trouble of carrying the actual cash to the custom house. It also lessens the risk of the daily transfer of large amounts of money from the custom house to the Sub-Treasury, where the balances

are deposited. Besides these advantages, the new system is recommended by the fact that it saves a large part of the time heretofore spent in counting the money paid for duties.

Our Iron Production for Past Six Months, and for 1887.—According to statistics furnished by the *Bulletin* of the American Iron and Steel Association, the total production of pig iron in the United States in the first six months of 1888 was 3,382,503 tons of 2,000 pounds, or 3,020,092 tons of 2,240 pounds. In the last six months of 1887, the production amounted to 3,771,996 net tons, or 3,367,853 gross tons. It was 347,761 gross tons less in the first half of 1888 than in the second half of 1887, but it was only 29,203 gross tons less than in the first half of 1887. In the last five half-years the production in net and gross tons has been as follows:

	<i>Net.</i>	<i>Gross.</i>
First half 1886.....	2,954,209	2,637,687
Last half 1886.....	3,411,119	3,045,642
First half 1887.....	3,415,210	3,049,295
Last half 1887.....	3,771,996	3,367,863
First half 1888.....	3,382,503	3,020,092

The production of pig iron in Pennsylvania in the first half of 1888 was 1,630,845 net tons, as compared with 1,745,796 tons in the first half of 1887 and 1,938,822 tons in the second half of 1887. The decreased production in the first half of 1888 was wholly in Bessemer pig iron, as the following figures in gross tons will show:

	<i>Last half 1887.</i>	<i>First half 1888.</i>
Total production.....	3,367,853	3,020,092
Bessemer pig iron.....	1,561,061	1,178,508
Foundry and mill pig iron.....	1,806,792	1,841,584

Our production of pig iron in the first half of 1888 was divided among the fuels used as follows, in comparison with similar details for the last half of 1887:

	<i>1887.</i>	<i>1888.</i>
Bituminous.....	2,071,693	1,885,539
Mixed anthracite and coke.....	868,929	789,874
Anthracite alone.....	146,201	96,252
Charcoal.....	281,030	248,427
Total.....	3,367,853	3,020,092

All the important Northern and Western pig iron producing States show a decreased production of pig iron in the first half of this year, as compared with the last half of last year, except Ohio, whose production in the last six months was the highest attained in the history of the State in a similar period of time. The production of pig iron by the nine Southern States of Alabama, Tennessee, Virginia, West Virginia, Kentucky, Georgia, Maryland, Texas and North Carolina in the first half of 1888 was 433,796

gross tons, against 432,330 gross tons in the last half of 1887. The stocks of all kinds of pig iron on hand June 30, 1888, amounted to 401,266 net tons; Dec. 31, 1885, 416,512 tons; Dec. 31, 1886, 252,704 tons, and Dec. 31, 1887, 338,142 tons. The stocks of unsold anthracite and anthracite and coke pig iron on June 30, 1888, were 100,078 tons; of charcoal pig iron, 134,560 tons; of bituminous coal and coke pig iron, 166,628 tons. The stocks according to fuel used, were: Bituminous, 166,628 tons; anthracite, 100,078 tons; and charcoal, 134,560 tons. In its annual report it says that the pig iron product of the United States for 1887 was 6,422,161 tons, against 5,683,329 tons, in 1886—an increase of 13 per cent. The Southern States, not including Mississippi, yielded 829,854 tons—an increase of 6 per cent. over their product in 1886, and 134 per cent. over that of 1880. Sixty per cent. of the whole American product was made by bituminous coal and coke and 26 per cent. by coke and anthracite. In 1880 the United States produced only 2,301,215 tons, against 6,300,000 tons of British. The highest British annual product since 1878 was 8,493,287 tons in 1882, against 4,623,323 American. In each of the years referred to, the United States gained rapidly on the percentage of the total product, and last year the figures were: British, 7,441,927 tons; American, 6,417,184 tons, or 46.3 per cent. of the whole. The production of steel rails was 2,049,638 gross tons, against 1,526,410 tons in 1886 and 959,471 tons in 1885.

Another Canadian Pacific Feeder.—It is stated on good authority that the Canadian Pacific has secured control of the Duluth, South Shore & Atlantic, which has been for some time in the market. This will give the Canadian Pacific a connection with the lines extending northwest and southwest into Dakota, and in connection with its ownership of the Soo will still further complicate matters under the Interstate Commerce Act; for the Canadian Pacific can make such rates as it chooses without interference on the part of the commission. This is the first case in which an American road has found it more profitable to accept foreign protection than to undertake to work under the stringent provisions of the Interstate Commerce Act.

The Reading as a Trunk Line.—The Interstate Fast Freight line, recently established by the Reading road, will go from New York over the Jersey Central, and from Philadelphia over the Reading to Newberry Junction, above Williamsport, where it connects with the Fallbrook Coal Company's line, formerly the Jersey Shore and Pine Creek, to Corning, thence by Erie to Buffalo and over the Nickel Plate to Chicago. It is understood also

that a through passenger line will be established over practically, the same route. This would seem to indicate that the Reading, being now out of the hands of a receiver, and established on its feet, was likely to pursue a broader and more independent policy than in the past.

Reading Litigation.—The Reading has its first case of litigation growing out of the reorganization, in the shape of the suit to compel the payment of the interest on the unassented first mortgage bonds of the Susquehanna Canal Company, which were endorsed by the Reading. They have declined to pay the coupons, and the bondholders, having declined to assent to the compromise, have now brought suit for their interest.

Financial Result of the Burlington and Quincy Strike and the Granger War.—For the first five months of 1888 the net earnings of the Chicago, Burlington and Quincy road were only \$1,000,000, against \$2,000,000 accrued fixed charges, on which there is a deficit of \$1,000,000 to be made up in the last seven months of the year before anything is left from current earnings for dividends on stock. The St. Paul is not so badly behind last year; but it is doubtful if it has earned more than fixed charges, even if that, although Mr. Armour says it will go right on paying its dividends as usual. When these two greatest systems among the granger roads make such a showing as this, it is hardly to be expected their competitors in the granger lines will make a much better one for the past six months, barring the effects on the Chicago, Burlington and Quincy of its strike.

Transfer of the Clearfield Road.—A controlling interest in the Cresson and Clearfield road has been acquired by Morton, Bliss & Co., the Pennsylvania Railroad going out of the enterprise. This firm owns large tracts of coal and timber road along the line, which will thus be developed and find a market.

Passenger Making up for Decreased Freight Traffic.—In our last number we called attention to the fact that while freight rates were demoralized, passenger rates were maintained. The *Daily Commercial Bulletin* has since noted the same in the following paragraph:

Passenger traffic is another branch of business which stands out in bold relief in contrast to the prevailing dullness in nearly all directions. It has often been remarked that passenger and freight transportation preserve a certain ratio, and dullness in one is marked by a corresponding decline in the other; but this year the passenger business is apparently unusually brisk, and decidedly out of proportion to freight traffic. Increased immigration constitutes an element in this enlarged amount

of travel, but the improved facilities, comfort and speed of transportation, together with decreased rates in many cases, and improved excursion arrangements, are exerting their influence in encouraging a disposition to travel and increasing the number of passengers carried on errands of both business and pleasure.

The Interstate Law Driving our Export Trade to Canada.—One of the evil effects of the Interstate Commerce law upon the commerce of points along the Canadian border, where the competition of Canadian railroads, not subject to the law, is felt, is illustrated by the following, from the *Commercial Advertiser* of Buffalo, which says:

"Flour freights from the Northwest to London (by Canadian routes) are 10c. a hundred lower than those *via* the New York route. This great advantage is gained through the agency of the new 'Soo' Railroad on the south shore of Lake Superior, built by the Minneapolis millers and the Canadian Pacific Railroad, which is not subject to the provisions of the Interstate Commerce law. It is manifest that interior points cannot stand up against such discrimination as this. Unless relief of some kind is had, the markets referred to must be abandoned to the millers of the Northwest. There are two ways by which relief may be obtained. The building of a link of railway to connect Buffalo with the Canadian Pacific, which would place Buffalo in a position to enjoy all the benefits that will accrue from connection with this foreign road. We are informed that the advisability of adopting this course is under serious consideration. The other is by appeal to Congress. It would be an easy matter to place such restrictions upon property going through Canada that would deprive the Canadian route of the advantages it now enjoys. That something should be done, and that without unnecessary delay, must be apparent to any one who will take the trouble to study the situation."

It would be a curious result of the Interstate law, if a complete system of north and south short line feeders should be built or acquired by the Canadian roads into the United States, to tap the principal points on our trunk lines and draw off our export trade.

Demoralization in Trunk Line Freight Rates.—Early in the month there was a general reduction in west-bound rates to a basis of thirty cents first-class. This was a reduction of from three to five cents, and it was due to the lack of business by lake and rail. It was believed that this was about bottom, for the first-class lines would not go any lower, and it is said that the New York Central and Pennsylvania have been sending their freight by the lake route over lines in which they have an interest. Vice-President Haven, of the New York Central, who is acting Trunk Line Commissioner during Commissioner Funk's absence in Europe, has given this explanation:

"Trunk line affairs are in a deplorable state of demoralization at present, and it is hard to see a way out. No doubt the imme-

diate cause of the war in dressed beef rates was the differential rate allowed the Erie road. Dressed beef is a commodity that is sold on a very close margin, and even a half cent per pound difference in the rate is considered by the shippers as well worth saving. Other roads then met this differential, and the Erie went a few cents lower, and so on, until now the very bottom has dropped out of the market, and the rates are still going down. Of course, this should not necessarily affect west-bound freights, or even east-bound other than live stock, but naturally jealousies have arisen, and now the whole freight business is demoralized." He added, however, that he did not think that rates could go any lower, and that a settlement upon a higher basis would soon be reached. The passenger traffic, he said, is excellent, and had never been better. It is growing every year, and there is little chance of any trouble in that department. Since then, however, dressed beef rates went still lower, until the Erie dropped out of the fight for that business, which is being carried on by the New York Central and the Pennsylvania Companies.

Pension Certificates Issued.—During the last fiscal year the Pension Office issued 113,087 pension certificates. The number of original pensions granted exceeded that of any previous year by nearly 5,000.

Statement of Bond Purchases.—The purchases of United States bonds, under circular of April 17, 1888, amounted, for three months, to \$18,489,400 4 per cents. and \$8,511,600 4½ per cents.; total, \$27,001,000. Cost of 4 per cents., \$23,481,856.20; 4½ per cents., \$9,166,182.70; total, \$32,648,038.90. Cost at maturity, 4 per cents., \$32,725,182; 4½ per cents., \$9,840,751.11; total, \$42,565,933.11. Saving, 4 per cents., \$9,243,325.80; 4½ per cents., \$674,568.41; total, \$9,917,894.21.

Decrease in Canal Traffic.—For the first time since the opening of the canals this year, the traffic was for the first week in July in excess of the corresponding time last year. Since that date it has been practically stopped by the serious breaks in the canal near Rochester for the balance of the month. Each previous week of canal navigation this year has shown great losses in shipments, when compared with the same time last year. Up to July 1, this aggregate loss was 290,405 tons less than up to July 1, 1887. This loss has been almost entirely accounted for by the decreased shipments of wheat and lumber, principally the former. The total tonnage of the canals up to July 1, 1887, was 1,459,982 and up to July 1 this year it was 1,169,577. Never before has property been carried on the canals so cheaply as during the present season. The average price for carrying wheat from Buffalo to New York last week was 2¼ cents a bushel.

Increase of Domestic Shipping.—The figures furnished by the Commissioner of Navigation as to the tonnage of vessels registered during the month of June show that the rapid increase in new steam tonnage reported for several months past continued unabated up to the close of the fiscal year, while the enrollments of sailing vessels during June showed an unusual and notable advance over last year's figures. The returns for the past fiscal year show an increased tonnage employed in several branches of our mercantile marine sufficiently great to indicate a pronounced revival of activity. During the four months of the navigation season of 1888 (March, April, May and June), the Commissioner of Navigation has enrolled steam vessels of 74,851 aggregate tonnage, compared to 59,558 tons enrolled during the corresponding period of 1887. The increase of sailing vessels was much more pronounced, the aggregate registration during March, April, May and June, 1888, being 24,713 tons compared to 9,614 tons during the same period of 1887. Although largely due to the development of trade on the great lakes, the increased tonnage is by no means restricted to that division. The comparison of new steam tonnage in the various divisions for the four-month period of 1888 and 1887 is as follows

	1888.	1887.
Northern lakes.....	57,853	34,711
Middle Atlantic.....	9,052	17,242
Western rivers.....	9,717	3,748
Pacific coast.....	5,851	2,754
New England.....	2,367	2,098

A similar comparison as to tonnage of sailing vessels enrolled during the same period is as follows:

	1888.	1887.
Northern lakes.....	5,216	4,963
Middle Atlantic.....	2,300	2,525
Pacific coast.....	3,810	2,268
New England.....	10,367	8,383

Wabash Reorganization.—It was thought that the last vestige of opposition to the reorganization of the Wabash had disappeared, until New York attorneys, representing about \$3,000,000 of bonds, lately applied to the United States Circuit Court at Springfield, Ill., asking to be made parties to the foreclosure proceedings. They alleged that there is a scheme to get the road for less than it is worth, and yet they will be paid off, principal and interest, as soon as the foreclosure proceedings are at an end. After putting the purchasing committee to extraordinary expense by delaying the reorganization for two years, the minority bondholders finally secured a receiver of their own. Had they accepted the original proposition, they would have had their back interest and a new five per cent. bond; as it is, they've had nothing, and are not likely to get anything from the present receiver, and in a short

time will be forced to accept the principal debt with overdue interest, in accordance with the terms of the mortgage. Their interests are certainly protected, but the prime object appears to be to secure a little better terms, or, rather, to be paid to withdraw their opposition.

Six Months' Production of Iron.—The total production of pig iron in the United States during the first six months of 1888 is placed by the *Iron Age* at 2,984,171 tons, as against 3,051,740 tons the same period in 1887. This represents a decrease of 67,569 tons. In anthracite pig iron there was a decline of 229,441 tons, due partly to the coal strike, but mainly to lower prices. There was also a moderate shrinkage in the production of charcoal iron; but these losses were largely counteracted by the increase in bituminous and coke products, which were 157,611 tons larger than in the corresponding six months of 1887. The same authority shows the capacity per week of furnaces in blast on July 1st, 1888 and 1887, as follows:

	1888.	1887.
Anthracite, tons.....	32,478	40,742
Bituminous and coke, tons.....	69,543	47,319
Charcoal, tons.....	11,169	*10,972

British Shipbuilding for 1888.—"Lloyd's Register of Shipbuilding" for the quarter ended June 30 shows that on that date 608,118 tons of shipping were under construction, against 418,645 tons on June 30, 1887. Of this total, 90 per cent. were being built under the supervision of the surveyors of "Lloyd's Register," with a view to classification by that society. The steel steamers included in the total amounted to 523,416 tons, and there were 34,906 tons steel sailing vessels, against 327,737 tons and 21,860 tons respectively last year.

Exports of Produce.—The Bureau of Statistics' report of exports of breadstuffs for the month of June showed the value of the total exports to be \$7,137,928, which is less by \$9,888,923 than for the month of June, 1887. The value of exports of breadstuffs for twelve months ending June 30 is \$123,298,361, against \$162,427,205 for the year ending June 30, 1887. The falling off has been chiefly in wheat and corn. The total exports of beef and hog products for June was \$6,383,651—an increase of about \$39,000 over exports for June, 1887; for eight months ending June 30, 1888, \$52,015,029—a decrease of about \$800,000 for the same period of 1887. The total exports of dairy products for the month of June was \$1,295,879—less by about \$300,000 than for June, 1887; for two months ending June 30, 1888, \$1,887,857, against \$2,030,178 for corresponding months of 1887.

* June 1st, 1888.

The Copper Syndicate, its Operations, and the Market.—Messrs. Jas. Lewis & Son, Liverpool, in their last monthly report, said: Consumers still abstain from coming to the aid of the French speculators to relieve them of any portion of their large stock of copper, which now amounts to about 65,000 tons of foreign, in addition to about 20,000 tons of English which it is estimated they also hold, very little of the copper produced at the smelting works of the Rio Tinto, Tharsis and Cape Companies during the past six months having been sold. On the 26th ult. the English Associated Smelters reduced their official price for best selected, from £82 to £78. This latter figure is, however, still, £2 above what other smelters are willing to accept. It is understood that the arrangement made between M. Secretan and the associated smelters has come to an end, as it was found unworkable, and that the former is free to sell where and at what price he chooses, while the latter cannot count upon supplies of furnace material from the Société des Metaux, but are dependent upon what they can obtain elsewhere. During the past few days a considerable quantity of outside copper and furnace material has been purchased by the representatives of the syndicate, and a contract has been made by them for about 9,000 tons of Japanese copper, out of a total estimated annual production of 10,500 tons, for delivery over twelve months, with the option to the syndicate of taking a similar quantity for a further period of two years. The import of anaconda matte into Liverpool to date this year has been 16,303 tons fine, against 4,098 for the first half of last year. It is to this that the large American import is due—not to any transfer of stocks. The average price of Chili bars for the past six months has been £80 8s. 3d. per ton. The average price realized by Messrs. Mason & Barry on 1,950 tons of precipitate delivered by them to the local smelters during the same period, on the basis of Chili bars, has been 16s. per unit, or £80 per ton of fine copper. This latter is £15 per ton more than is paid by the Société des Metaux for the remainder of the Company's production. 4,122 tons of Chili bars have been taken out of the stock here during the past fortnight for shipment to France, making the total shipments during the past six weeks 5,183 tons to Havre, 1,998 tons to Rouen, and 496 tons to Dunkirk, or 7,677 tons in all. 75 tons of American slab copper have been returned from here to New York, and 50 tons American ingots have been shipped to Rotterdam. The arrivals from Chili during the month have been 1,713 and the deliveries 2,382 tons fine, and from other countries 4,479 and 2,419 tons fine respectively. The Chili charters for the month are 2,500 tons, and the closing rate of exchange is 26¼d.—bars being quoted \$29.80 per quintal.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF A CASHIER.

[CONTINUED.]

In many cases the authority of a cashier is defined by by-laws. A bank in Kansas City, in defining his authority, declared that "he shall have the immediate charge and supervision of the bank; shall attend to the making of loans, discounts, and other active business transactions of the bank, exercising his own judgment as to all such matters, when not otherwise directed by the finance committee or board of directors." This authority was regarded as sufficient to draw and negotiate drafts for the purpose of procuring money to be used in sustaining the bank and carrying on its legitimate and usual business (*Coats v. Donnell*, 94 N. Y. 168, aff'g 48 N. Y. Superior Ct. 46.) In *Coats v. Donnell* (*Id.*, p. 176) Andrews, J., said: "The cashier of a bank is its executive officer, and it is well settled that, as incident to his office, he has authority, implied from his official designation as cashier, to borrow money for, and to bind the bank for its repayment, and the assumption of such authority by the cashier will conclude the bank as against third persons, who have no notice of his want of authority in the particular transaction, and deal with him upon the basis of its existence. (*Curtis v. Leavitt*, 15 N. Y. 9; *Barnes v. Ontario*, 19 *Id.* 152.) The negotiation of the drafts in this case was within his authority."

Having the power to borrow, a cashier can also secure the loan by pledging the bank's property. This point was decided in the above case, Andrews, J., saying that "the power to borrow being admitted, the power to secure the loan by pledge of the property or funds of the bank (in the absence of any statutory enactment) in the ordinary course of business, would seem to be a necessary inference from the primary power."†

A cashier often exercises a large range of powers which are not defined by the formal action of the directors. In the case of the *Bank of Vergennes v. Warren & Storrs* (7 Hill 91) a credi-

* Copyrighted.

† The Supreme Court, speaking through Van Brunt, J., had previously declared that "although a cashier and president of a bank may, in the ordinary course of business, without the action of the board of directors, dispose of the negotiable securities of a bank, yet they have not the power to pledge its assets for the payment of an antecedent debt. This is entirely beyond the scope of the duties of a cashier, as he might, by this means, dispose of all the assets of the corporation, thus usurping powers which the board of directors alone can exercise." (*State of Tennessee v. Davis*, 50 How. Pr. 447.)

tor, in order to redeem land from the bank, tendered the money due to the cashier, who accepted it and gave a receipt. His authority to do this was questioned, but the court held that the creditor acquired the bank's title. "The instrument," said Bronson, J., "was executed by the cashier, who affixed to it the corporate seal of the bank. He seems to have been entrusted with the seal, and his authority to use it and make the assignment will be presumed until the contrary appears. (*Lovett v. Steam Saw Mill*, 6 Paige 54; *Commercial Bank v. Kortright*, 22 Wend. 348.) The testimony of the cashier did not overcome the presumption. He evidently supposed he had authority, although there had been no vote of the directors on that particular subject. The want of such a vote proves very little; for it often happens that the cashier or other officer of the bank exercises a large range of powers with the tacit approval of his principals, although the nature and extent of his authority has never been defined by any direct act of the corporation. If the question had been put to this officer in relation to any other business of the bank which he had transacted, although it might be a matter of daily occurrence, he would probably have returned the same answer, viz.: that there had been no vote of the directors authorizing him to do the act."

Though the authority of a president or cashier may be enlarged by the neglect of directors to hold meetings and to exercise the supervision prescribed by law, neither officer can convey real estate. In a New Jersey case the president and cashier attempted to do so, but the Chancellor remarked that, admitting, "in consequence of the neglect or inattention of the board of directors, the duties of the officers were enlarged and greater powers were committed to them, not expressly, but permissively, they would not be authorized to do an act of this kind. If they were even general agents for this corporation, without limit from common usage, or the prescribed by-laws of the company, they would not have been authorized to sell and convey the real estate of the company without express authority." (Citing *Stow v. Wyse*, 7 Conn. 219.)

A cashier's authority to make compromises was considered in *Chemical National Bank v. Kohner* (85 N. Y. 189, rev'd 8 Daly 530, s. c. 58, How. Pr. 267.) The cashier wrote a letter, offering to compromise, but which, so the Supreme Court held, he had no authority to make. The Court of Appeals, speaking through Judge Earl, said: "It appears that the president and cashier were the active managers of the bank; . . . there was no evidence showing, or tending to show, that the cashier was not authorized to make the compromise; and the compromise was never, at any stage of the transactions, repudiated on the ground that the cashier entered into it without authority. . . . Under all the circum-

stances we think it must be presumed that he had such authority, either by usage known to the directors of the bank, or by some general by-law or resolution of the board of directors. (*Bank of Vergennes v. Warren*, 7 Hill 91.) It was proved that compromises were matters of common occurrence in plaintiff's bank, and it cannot be presumed that this compromise, made by the cashier after consultation with the president, was made without authority, nor can it be presumed that in an ordinary matter of this kind the formal sanction of the board of directors was necessary."

We shall not consider at this time all the rules that have been established touching a cashier's authority to discount paper, but only a few of them. The law on this subject has been greatly modified since the time when Appleton, J., declared that "It is no part of the duty of the cashier to make discounts; that these are to be effected through the agency of its directors." (*Franklin Bank v. Byram*, 39 Me. 489, p. 490.) It may be remarked that there are occasions when a cashier, notwithstanding the regulations to consult committees and directors in making discounts, is justified in not consulting them. Whenever they do not meet, and systematically neglect their duties, the cashier cannot be regarded as negligent in not consulting them concerning the business of the bank. As Ruger, C. J., has said: "It would be quite impracticable for the managing officer of a bank required to keep it open daily, to leave his place of business as each transaction requiring attention occurred, to look up persons engaged in other employments and consult them in regard to such transactions." (*Second National Bank v. Burt*, 93 N. Y. 233, p. 240.)

In an Oswego bank case (*Second National Bank v. Burt*, 93 N. Y. 233), the by-laws of the institution provided that there should be "a standing committee known as The Exchange Committee, consisting of the president, cashier and one director," who had power to discount bills, and was required to report at the meetings of the directors. The cashier had authority, with the assent of the president, "to make discounts of an ordinary character." These were to be reported at the next meeting of the exchange committee. This body was never appointed, but a discount committee was appointed by the board, and also an advisory and executive committee. Neither of these committees, however, ever held a meeting. After presiding over the bank several years, the president announced to the directors that he could not engage so actively in the affairs of the institution thereafter, and requested the appointment of a committee to examine from time to time its financial condition. After the committee was appointed the president took no active share in the business. The cashier, with the knowledge, and at least tacit consent of the president and directors, discounted

drafts of persons who at that time possessed the highest commercial credit, but who, not long after, failed. The bank sued the cashier for the loss. But the court held that, during the period of the president's active service, the cashier was simply required to consult him in making discounts, and after the president's relinquishment of his duties "the restrictions theretofore existing upon the power of the cashier to discount paper were intended to be practically abrogated."

What is a proper execution of the by-law requiring two responsible names on the paper discounted? Will the names of two different firms, but composed of the same persons, answer the requirement? In New York such paper may be properly discounted (*Second National Bank v. Burt*, 93 N. Y. 233.)

If the charter of a bank provides that its "operations of discount and deposit shall be carried on" in a specified place, and its cashier should discount a note elsewhere for the purpose of securing a debt, the transaction would be sustained. In such a case Nelson, C. J., remarked "that the cashier was seeking to secure a demand due to the bank, and that the discount was made in the course of transacting that business. In this view the act was clearly legal; for such transactions must of necessity often take place where the debtor may happen to be found. (*Potter v. Bank of Ithaca*, 5 Hill 490, *aff'd* 7 Hill 530; *Suydam v. Morris Canal and Banking Co.*, 5 *Id.* 491; s. c., 6 *Id.* 217; *Sackett's Harbor Bank v. Lewis County Bank*, 11 Barb. 213.)

Has a cashier authority to indorse negotiable paper belonging to his bank? He certainly has when thus authorized by the directors. (*Folger v. Chase*, 18 Pick. 63.) And if indorsed without such authority, the indorsement is *prima facie* evidence of a legal transfer. In *Farrar v. Gilman* (19 Me. 440) Weston, C. J., said: "Nothing is more common than paper of this kind, bearing the indorsement of the cashier of a bank, in his official capacity. And it may perhaps be assumed as a universal usage that when instruments of this description are indorsed or transferred by a bank, he becomes their organ for this purpose. It may not be necessary to decide that he may do this without special authority; and such an assumption might well be questionable. But as he is held out to the public as the confidential officer and actuary of the bank, as he is under bonds for the faithful performance of his duties, and as he acts as their organ in the transfer of negotiable paper, it is not, in our opinion, too much to hold that when he indorses such paper belonging to the bank in his official capacity, it is *prima facie* evidence of a legal transfer." (*United States v. Green*, 4 Mason, 427.)

In New York the cashier is declared to be the financial officer,

and the only person who can transfer its negotiable paper. His authority to make such transfer *ex officio* for a legitimate purpose is undoubted. (*City Bank v. Perkins*, 29 N. Y. 554, aff'g 4 Bosw. 420; *Fleckner v. Bank of United States*, 8 Wheat. 338.)

If the charter contains no restriction on his authority to indorse the bank's paper, the law will presume that he has authority to do so. (*Robb v. Ross County Bank*, 41 Barb. 586.) And if the cashier should indorse a note for collection or other special purpose, his indorsement would not affect the rights of a *bona fide* holder who had obtained the note for a valuable consideration before maturity, unless he knew that the note had been thus specially indorsed (*Id.*) But if a statute should prohibit an assignment or transfer exceeding a stated amount, not expressly authorized by the board of directors, the cashier could not make a valid transfer of notes greater than that amount. (*Gillet v. Phillips*, 19 N. Y. 114.)

A cashier's omission, in indorsing a note, to write before or after his name, and the name of his office, the name of the bank for which he is serving, will not preclude the holder from recovering of the bank. Says Sutherland, J., in *Robb v. Ross County Bank*, 41 Barb. 586, p. 593: "It appears to me that Judge Denio shows conclusively (*Bank of Genesee v. Patchin Bank*, 3 Kern.) that an indorsement like the one in question in this case binds the bank. The point cannot be said to have been decided in that case, for it appears from the report of it that the point was not passed upon by the court; but it appears to have been decided in *Folger v. Chase* (18 Pick. 63), that such an indorsement by the cashier sufficiently showed that it was made in behalf of the bank; and if that was not sufficiently certain, that the plaintiffs had a right to prefix the name of the corporation." (The court citing *Bank v. White*, 1 Denio, 608; *Marvine v. Hymers*, 2 Kern.)

If directors authorize by vote the cashier to indorse its paper, of course his authority cannot be questioned. In *Cooper v. Curtis*, (30 Me. 488), such a vote was passed. Tenney, J., in remarking on his authority to indorse a note whereon the holder had sued, used the following language: "It is part of the ordinary business of banking corporations to negotiate bills of exchange and promissory notes. Under the authority to sell and convey the property of the bank, it could transfer negotiable paper in the mode usually practiced. The indorsement made by the cashier, acting in his official capacity for the bank, is sufficient evidence that he acted by its authority." (The court citing *Folger v. Chase*, 18 Pick. 63; *Burnham v. Webster*, 19 Me. 232; *Farrar v. Gilman*, *Id.* 440.)

A cashier has, ordinarily, no power to discharge a debtor without payment, or to bind his bank by an agreement that a surety shall not be required to fulfill his obligation. (*Cocheco National*

Bank v. Haskell, 51 N. H. 116, 122.) But if a surety on inquiry is informed by the cashier that the note on which he was holder has been paid, and the surety, relying on the statement, changes his position, the bank cannot afterward contradict the statement. (*Cocheco National Bank v. Haskell*, 51 N. H. 116.)

"A cashier," says Judge Allen, "probably has a general authority to superintend the collection of notes under protest, and to do anything an attorney may do. But he cannot, I apprehend, change the relation of the bank to the debtor, or incur extraordinary liabilities in behalf of the bank, under pretense of attempting to collect its debts. An attorney could not, by direction to a sheriff to levy upon property of third persons, bind his client to respond to the sheriff by way of indemnity, or to the injured party, in an action of trespass. A cashier having the same powers, and no other or greater, unless specially conferred, his principal is not responsible for his tortious acts. The court may probably take notice of the general nature of the duties of a cashier in and about the banking office, and, without evidence of usage or express authority, hold him authorized to do all incidental acts necessary to the performance of these general duties; but further they ought not to go. (*Watson v. Bennett*, 12 Barb. 196, p. 200.)

As the cashier has authority to pay and receive debts, and discharge and transfer securities, this includes such measures for securing and eventually collecting a debt as he deems proper; but in collecting and compromising one he must observe the general usage, practice, and course of business. (*Bridenbecker v. Lowell*, 32 Barb. 9.) So, too, he can indorse it and send it to another bank for the purpose of having a demand made thereon, and the indorsers notified in the event of non-payment. (*Hartford Bank v. Barry*, 17 Mass. 94.)

The cashier, unless specially restricted, has authority to transmit notes to an indorser for the purpose of enabling him to obtain an indemnity from the maker. (*Bridenbecker v. Lowell*, 32 Barb. 9.)

A cashier has no authority to assign a promissory note which is not negotiable. On one occasion, when the cashier did so, Judge Welles remarked: "Without authority from the bank, evidenced by a resolution of the board of directors, usage in similar cases, or in some other way, he clearly had no authority to do the act." (*Barrick v. Austin*, 21 Barb. 241.)

A cashier has no authority to receive payment on a mortgage after it has been assigned by the bank; and a *bona fide* assignee, without notice of such payment, would not be bound by it. (*Mitchell v. Cook*, 29 Barb. 243.)

A cashier or other officer cannot bind his bank for the notes of another bank, bearing the same name of which he was cashier, by

any representations or admissions. This question arose many years ago in Massachusetts. The officers of a bank had the same name as another, and also the same persons for president and cashier. But it was held that their confessions or conversations tending to create the belief that the bills of the old bank would be paid by the new, could not be admitted as evidence against it. "There may have been great fraud practiced by the persons," said the court, "who had the management of the affairs of these banks, mixed up, as they were, with the same officers, and a confusion of property. But fraud cannot be imputed to the company." (*Wyman v. Hallowell and Augusta Bank*, 14 Mass. 58, p. 62.)

A cashier has no authority to promise to pay money for which his bank has received no compensation; nor can the directors make such a promise that would bind their institution. "In such cases," says Parker, C. J., in *Salem Bank v. Gloucester Bank* (17 Mass. 1, p. 29), "the person dealing with the officers of a bank must be presumed to know the extent of their authority. If they promise more than they are authorized, they may be personally answerable, but cannot pledge their principals." (See *Cocheco National Bank v. Haskell*, 51 N. H., p. 122.)

When money is received by a bank on the foreclosure of a mortgage given to secure paper for which the mortgagor is liable, the cashier has no right, without authority from the directors, or the knowledge or assent of the mortgagor himself, to apply the money on his notes which have been indorsed by the cashier to the exclusion of other notes of the mortgagor which are held by the bank. (*Bridenbecker v. Lowell*, 32 Barb. 9.) In such a case, indorsers have a right to share in the fund and security provided for the payment of the notes, nor can this right be impaired by the cashier or other officers. (*Id.*)

Sometimes a cashier will pay a check when the drawer has not the amount therein specified in the bank. This practice has usually been condemned by the courts. In *Lancaster Bank v. Woodward* (18 Pa. 357, p. 362), the court said that it "was attempted to prove a custom to pay overdrafts of solvent dealers with banks, but it failed; and if it had not failed, such a custom should be abolished. . . . If these subordinate officers might pay checks, which are properly drafts on funds deposited when there were no funds of the drawer on deposit, the capital of banks would be liable to perversion to purposes, and in modes that were never contemplated, either by the Legislature or the stockholders. That the practice of paying overdrafts has prevailed to some extent is quite likely; and it may be true that boards of directors have, in some instances, sanctioned it; but it has no authority in sound usage or law."

These strong remarks, however, must be qualified. Those by Earl, Commissioner, now Judge of the New York Court of Appeals, contain a better statement of a cashier's authority in this regard: "It is not an uncommon thing for bankers to permit overdrafts, with an understanding that the account should be made good before the close of banking hours on that day, or soon after; and whether such overdrafts are prudent or not depends upon the character and standing of the drawer, and upon the circumstances of each case." (*Commercial Bank v. Ten Eyck*, 48 N. Y. 305, p. 310.)

[TO BE CONTINUED.]

TURGOT.*

FROM THE FRENCH OF M. HENRI BAUDRILLART.

[CONCLUDED FROM THE JULY NUMBER.]

Perhaps, even without much of a search, it might be discovered that some particular demonstration, which he almost exclusively ascribes to this great man, is to be found in those physiocrats, his predecessors, who had also their day of influence and renown. But really this is hardly a criticism to be made on the eminent biographer. These slight differences are a matter of erudition. For history a school is personified in a man. The statue stands proudly on its pedestal, and men do not think of asking whether some fragments of the metal forming it were not used before being metamorphosed into the definitive form which consecrates it for all time. The liberty of labor is Turgot, as philosophic liberty is Descartes. There is no retracting this, and it is justice. Turgot not only meditated, he struggled, he was more than the apostle, he was the hero of a cause, whose flag he held up to France and to Europe.

But the action making his principal greatness must not efface so many special and varied titles that recommend his economic work. His theoretical writings are numerous and bear upon points of capital importance in political economy. M. Say has disengaged all that is essential without having anything dry in his abstracts. One can only approve of his having followed the chronological order, instead of separating in Turgot the writer and the man of action. The unity of his life appears all the better, and even the

* This is the translation by O. A. Bierstadt of an article that appeared in the *Journal des Economistes*, which was written by M. Henri Baudrillart as a review of Léon Say's *Life of Turgot*.

physiognomy of his writings gains by it. I do not think it depreciates them to affirm that they almost all had for a point of departure some particular circumstance, some abuse to be reformed, thus justifying what Voltaire said of him, "That he only seeks the true in order to do good." Thus was manifested also that need, which the occupations and habits of the administrator had not deadened, of going back in everything to principles. A trial, for instance, in which some dishonest borrowers refuse to pay a debt under the pretext of usury, causes him to write a bold and new treatise, where the question of the interest on money and of the liberty of loans, by going back to first truths, is put in the light of all the considerations calculated to settle it. In like manner, at a much earlier period, a chance reading amid the other studies of his youth induces him to reflect upon paper money and to demonstrate its fallacy in a letter to the Abbe de Cicé. A tax, to be assessed leads him to produce an entire theory of taxation. A famine inspires him with the idea of tracing in a few letters, which are incomparable treatises, the liberal code of the trade in corn. He desires to persuade by reforming. It cannot, however, be said that he always waited for persuasion. Too many combined interests were opposed to that. The *preambles* of his acts are proclamations of principles. These *recitals of motives* mingle with the most general reasons, with those most capable of impressing minds, the most precise and palpable facts that experience can quote as an authority. It is the same pen—but here as if moved by a more ardent desire to convince in these direct appeals to the public reason—that wrote for the use of all the excellent *Treatise on the Production and Distribution of Wealth*. The school has brought forth nothing to approach this perfect lucidity, this plenitude of finished sense. In this masterly manual, the truth is transparent, the errors intermixed with it also are incorporated in such clearly fashioned formulas, that criticism can lay hands on them, instead of being lost in the clouds of the occasionally rather unintelligible phraseology of some of the physiocrats. Rarely is there any fallacy in the practical part of the work. An exception must, however, be made in the instructions treating of taxation. The false theory, that the landed proprietors alone are directly taxable, has unfortunately taken possession of this great mind. How could he remain unshaken by the so judicious and strong letter of David Hume, quoted by M. Léon Say? No doubt Turgot has the merit of claiming the equality of all in the matter of proportional taxation. But this fallacy compromises him singularly. It shows the spirit of system pushed to excess, and it seems regrettable after such admonitions.

It is perhaps the only case of such a prejudice that we can

recognize in this superior man, unless, crossing the bounds of political economy, we turn towards his literary theories. If they were often those of a philosopher, he was wrong for once in showing himself a Utopian with this aggravating circumstance, that he was unfortunate enough to dream something less beautiful than the reality. I allude to his innocent but too persistent weakness for metrical verses, which he wished to substitute for rhymed verses, Voltaire, whom he consulted under an assumed name about an attempt of this kind, excused himself on the plea of his eyesight for not reading them or for his seeming not to have read them, but in reality it was not his eyes that were blind, it was his ear that remained deaf to their pretended harmony.

III.

"I do not admire Christopher Columbus for having discovered a new world, but for having embarked in his discovery upon the faith of an idea." I shall apply to the reforming minister this judgment of his, which breathes so great a confidence in the power of the human mind, but I shall only apply it in a just measure. His books and his reforms proceed without doubt from ideas. In the matter of property and of labor, Turgot believes in the sanctity of the law. The reproach that Bentham in particular makes to him is his own glory. The consideration of human dignity plays no less a part in the rehabilitation of labor than the advantages it finds there. These advantages remained yet in great part to be experienced, he foresees them at least as much as he declared them. But we must hasten to add this, so as not to confound this bold but wise intellect with some of his and our contemporaries. His political economy, and one may say, too, that policy of principles which was his, remains founded no less upon observation. Without such a condition the idealistic policy runs the risk, as in the *Contrat Social*, of being but a brilliant and dangerous form of some chimerical mind. Now, nothing would be more unjust than to present Turgot as a chimerical mind. His writings and his life itself protest against such an accusation. I want for a proof nothing more than that intendancy of Limousin, a masterpiece of practical reason that was sustained during thirteen years, in which all his measures were excellent and carried out with a circumspection equal to his decision itself. In the ministry his financial operations were conducted with wisdom and skill. Choiseul might say: "M. Turgot has not the head for a minister." Certainly he had not for a minister—*à la Choiseul*. M. Léon Say's approbation of the practical man will surely be of a nature to make an impression on those who persist in seeing in the reforming economist a sort of adventurous dreamer on the public good.

A judgment expressed before the French Academy by a man who had been somewhat his contemporary, the old Chancellor Pasquier, when to his astonishment it chose the praise of Turgot for discussion in 1846.* An eminent man, M. Léonce de Lavergne, in a debate on Turgot a few years ago, on the occasion of M. Foncin's book, accused him of being intransigent. We do not find anything in his ministry to justify this double reproach, against which M. Léon Say has taken care to protest in an eloquent apology. It seems to us, without going into a thorough discussion, that the measures alleged contradict this accusation. The edict abolishing compulsory labor, for example, is brought forward. Had it not been preceded by an extensive and prolonged enough practice of free and paid labor to have no longer anything hazardous about it? Trudaine himself, who at first represented the resistance of the intendants, was he not in the end entirely convinced? Without doubt the preamble of the edict abolishing the wardenships and the masterships is as much the work of a philosopher as of an economist. The magnificent words, answering for the epigraph of this edict, will always be quoted: "God, by giving needs to man, by rendering necessary to him the resource of labor, has made of the right to labor the property of every man, and this property is the first, the most sacred, and the most imprescriptible of all!" It was something like the inscription of a new law on the front of the edifice to be erected, and, in some sort, the solemn inauguration of a new era, I will not say for France alone, but for the human race. Can it be said that Turgot made innovations in the name of pure reason? Did not the strongest practical motives justify the measure? Was it not possible, by consulting the annals of the States-General, to collect precedents in the form of petitions, that called strongly enough for this great reform of oppressions and abuses? Finally, could not the comparison be made experimentally in more than one place between free labor and privileged labor? It might have been desired that he should reform without destroying. But the principle of the evil was in the very idea of close corporations. To open them to competition was of course to destroy them. They were reformed, indeed, after Turgot. The evil soon appeared again. The distrust of association, carried to prohibition, was wrong, but it is difficult for us to see anything in it but a transitory measure. To be associated is a right as much as to labor, and the exercise of this right involves also certain advantages sacrificed for a time to the fear of seeing the corporations reconstituted. Was the *intransigence* in the *bed of justice*? Is this not forgetting what the Parliament was, whose

* These parliamentary sayings of the chancellor, in the private meeting where the subject was discussed, were reported to us at the time by witnesses who had heard them.

return disturbed all the friends of reform? Would it not be right to affirm, that the intransigence was on the part of those determined enemies of everything that had any chance of preventing a revolution?

With regard to the wretched *flour war*, it is true that the measures of repression were rigorous. What was to be done, however, and must the insurrection be left the master, and the last word be for the absurd and dangerous prejudices on monopoly, which made it impossible, in the future as in the present, to find a remedy for the famines?

Was Louis XVI. an intransigent?

Yet he supported his minister with vigor on this occasion. M. Say makes us acquainted with a very curious letter written by this monarch, and one that does him honor. It proves that he was not incapable of firmness, when he saw his duty clearly.

It cannot, however, be said, that if the minister, sustained by the favor of the most enlightened portion of the nation, but exposed to the combined hate of the privileged classes, had the practical qualities that deserved success, he was skillful in the management of men. He had nothing of what was necessary to baffle the intrigues formed against him, to struggle against the Queen's obstinate hostility and persuasive influence, against the machinations of so clever a man as M. de Maurepas, against all that crowd of interested courtiers. Turgot had only his inflexible uprightness to engage in this unequal combat. Why not acknowledge that he had some troublesome defects for a political man under such circumstances? When contradicted his temper grew haughty, his habitually gentle character showed itself crushing. His friend and admirer, Morellat, recognizes that his relations with Necker were far from being exempt from this haughtiness, and it is doubtful whether a simple private individual might not have felt hurt by words of a letter like these addressed to Louis XVI.: "In truth, Sire, I do not understand you." It is true that the situation at that time was as strained as possible. But if the circumstances explain these fashions of speech, they show no less certain sides of a character too rigid and irritable to long maintain itself in power.

It is above all in considering the ulterior results, that the sureness of the great reformer's views must unhesitatingly be proclaimed. Who can assert that liberated labor has been a present of slight value? What have not been its benefits? M. Say writes—"Thanks to the liberty of labor, the nineteenth century has been the century of industry on a large scale, of the application of great scientific, geographical, economic discoveries, of the development of labor and wealth. By penetrating deeply the conscience

of France and of Europe with the principles of the liberty of labor, Turgot prepared for the conquest of the universe by the western civilization, and the nineteenth century has made this conquest." Assuredly it could not be better said, and it is placing the question in all its grandeur. Liberty of labor is responsible for all the progress. Outside of it there would only be debasement for individuals, ruin for nations. I understand that a people loses its political liberty by misfortune almost always attributable to itself.

May it be thus with economic liberty, in spite of the trials from which it is not exempt? We cannot believe so. In concluding, M. Say evokes the reactions that have been produced since 1789 against the liberty of labor; under the Empire, the Restoration, the Republic of February, and the Republic of 1871, in the name of the organization of labor at first, and later in the name of the liberty of association. He mentions and defines the radical school and the Catholic economic school. With reason he foresees there will be new battles to be fought. Is it not true that practical attempts are being made in this direction? It cannot be denied that a certain amount of evil may be produced, but as for thinking that these systems of oppression threaten seriously to invade the world, we are without any uneasiness. It would be too insupportable a yoke for it to be probable that individuals would ever resign themselves to it. People do not accept a tyranny of every day. In lightness of heart people do not let the handcuffs be put on. Two liberties are henceforth inalienable in fact as in law, the liberty of conscience and the liberty of labor. They can no more be renounced than the faculty of moving and breathing. To these liberties in particular may be applied that saying that, when once the lips have touched the honey of Hymettus, they never lose the taste for it. But wisdom requires, nevertheless, that a struggle be made against the temptations and the attempts to fall back. Even if not lasting, the reactions may be dangerous, and may produce cruel wrongs. To this excess of security, reposing idly in the conquests realized, M. Say wishes to oppose all that has made the strength of this great cause of the liberty of labor, and in this respect this firm claiming of Turgot's principles has all the force of a fitting lesson, and is equivalent to a legal demand.

LIABILITY OF INDORSER OF ACCOMMODATION PAPER.

SUPREME COURT OF PENNSYLVANIA.

Hart v. United States Trust Co. of New York.

1. The indorsee of accommodation paper pledged for an antecedent debt may recover against the maker; he cannot set up want of consideration as a defense.
2. The happening of the insolvency of the payee after such note is placed in his hands, and before its negotiation, does not, *per se*, make its negotiation a fraud on the maker.
3. Nor does the mere promise of the payee, made after his insolvency, to return the note to the maker, affect its value in the hands of the indorser.

WILLIAMS, J.—This action was brought to recover the amount of two promissory notes. They were given by Hart, payable to the order of Martin Kalbfleish's Sons, and indorsed by them to the trust company. The affidavit of defense set out the following facts:

- 1st. That the notes were without consideration, having been made for the accommodation of the payees.
- 2d. That before their negotiation the payees, becoming insolvent, suspended payment.
- 3d. After such suspension the payees promised Hart not to use, but to return the notes.
- 4th. Notwithstanding such promise, the payees did not return them, but turned them over to the trust company as collateral security for an antecedent debt.

The court below entered judgment against the defendant for want of a sufficient affidavit of defense, and this ruling is here assigned for error.

The general rule as to the liability of the maker of an accommodation note was laid down with clearness in *Lord v. The Ocean Bank*, 20 Pa. 384. It was there said that "he who chooses to put himself in the front of a negotiable instrument for the benefit of his friend must abide the consequences, and has no more right to complain if his friend accommodates himself by pledging it for an old debt than if he used it in any other way." Proof, therefore, that the bill or note sued on was given as an accommodation will not put the holder on proof of the consideration paid. The legal presumption is that he is a holder for value. This presumption is rebutted by proof that the bill was negotiated after its maturity, and the maker is let into any defense that he might make against the payee. (*Bowen v. Hastings*, 36 Pa. 285; *Hoffman v. Foster*, 43 Pa. 137.) So where the note was procured by fraud, the holder is affected by the fraud unless he shows himself to be a holder for value before maturity, and without notice. So, if one, not a party to the bill or note, is intrusted with it indorsed in blank for the purpose of getting it discounted for the benefit of the maker and payee, and fraudulently appropriates it to his own use by pledging it as security for an existing debt, the maker may set up the want of consideration and the fraudulent diversion of the note as a defense against the holder. (*Royer v. Keystone Bank*, 83 Pa. 248.) Where the note was given as a memorandum and not for negotiation, but the payee fraudulently pledged it as collateral security for an antecedent debt, it was held that the holder, not being a purchaser for value, could not recover. (*Carpenter v. National Bank*, 106 Pa. 170.) These exceptions rest on the proposition

that fraud in the procurement, or misappropriation of the note as against one not a purchaser for value, is a defense. We are now asked to take one more step in the way of impairing the commercial value of accommodation paper, by holding that, the insolvency of the payee happening between the procurement and the negotiation of an accommodation note, gives the maker the right to have his note retired; and that the promise of the payee to deliver it up to him makes the subsequent negotiation of it a fraud on the maker, which he can set up against the holder who has taken it as security for an existing debt of the payee. But one who lends his credit, like one who lends his money, takes the risk of the continuing solvency of the borrower. If insolvency happens, it is not easy to see how the lender of his credit is placed in a worse position where it happens before than where it happens after the negotiation of the note. If it be conceded, as perhaps it should be, that where the insolvency happens before the note is negotiated, the maker has the right to recall his loan of credit, yet such right, like the vendee's right of stoppage of goods sold while in transit, must be effectually exercised or it is lost. A request that the note be returned is not enough, nor is the promise of the payee that it will be. It must be taken up. So long as it is left in the hands of the payee it must be presumed in favor of one having no notice to the contrary, that it is left on the same terms on which it was originally given, and his power to use it continues. The duty of the maker in such cases is stated by Chitty in his work on Bills, at page 457, in these words: "Upon payment or satisfaction of a bill or note, the party making such payment should take care that the instrument be delivered up to him, or his payment indorsed thereon, or he may be liable in an action by a third party who has become the holder of the note before it became due." On page 458 of the same work an illustration is given, in which it was held that not taking up an accommodation bill which A had given to B, and which B had pledged to C for the payment of certain acceptances, but permitting them to remain in C's hands after the acceptances were paid, raised a presumption that A had left his acceptance as security for advances subsequently made by C to B.

In the case now before us, Hart lent his note to Kalbfleish's Sons for their accommodation. Whatever conversation he may have had with them after their failure, he did not take back his note, but left it in their possession. They made use of it before its maturity to secure an antecedent debt, and perhaps saved themselves thereby from legal proceedings at the instance of the creditor. The Trust Company appear to have taken it without notice of the alleged agreement, in the ordinary course of business, before maturity, as security for an antecedent debt, and we can see no reason why they should not be permitted to collect it. It is better not to extend the exceptions to, or go further in the impairment of the negotiability of accommodation paper. A note fairly obtained and properly used cannot be defeated in the hands of the holder because the payee had promised to deliver it up, but had not done so, and that is the substance of the defense set up in this case. If the maker had the right to recall it when the payee became insolvent, he did not do so, and he cannot ask us to do after the negotiation of the note, what he should have done but failed to do while it was in the hands of the payee. Judgment affirmed.

GIFT.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Alger v. North End Savings Bank (Wood, Claimant).

A. deposited in a bank \$1,000 in his own name in trust for B. In a suit by the administrator of A. against the bank, B. was admitted as claimant, and testified in her own behalf that A., after depositing the money in the bank, "told me just before he died that it was there, and it was mine"; and "the last time he spoke of it he said it was there, and it was mine." *Held* that these statements, if believed, were sufficient as a matter of law to justify a finding for the claimant. *

DEVENS, J. This is an action of contract for \$1,000 deposited by the plaintiff's testator with the defendant, Achsie J. Wood, intervening as claimant under Pub. St. c. 116, § 31. The court, before which the cause was tried without a jury, found for the claimant, and has reported it for the determination of this court on the question whether the evidence is sufficient in law to sustain this finding.

This sum of money, which was Trumbull's own, was deposited by him in the defendant bank, of which he was treasurer, in his own name, as trustee for Achsie J. Wood. The question presented is whether there was evidence of a perfected gift of the sum thus deposited in his lifetime, to Mrs. Wood; or whether it continued under the control and in the possession of Trumbull until his death, and was only intended to become the property of Mrs. Wood in the event that he should see fit to leave it undisturbed at the time of his death. If the deposit was of the latter character, it would be an attempt to make a testamentary disposition of the sum without observing the forms of law, and the administrator would be entitled to the possession of it. *Nutt v. Morse*, 142 Mass. 1, 6 N. E. Rep. 763. Pub. St. c. 116, § 32, provides that when a deposit is made by one in trust for another, and when no other notice of the terms of the trust has been given in writing, the deposit may, in the event of the death of the trustee, be paid to the person for whom such deposit is made. But this is intended solely for the protection of the bank, and the rights of those who deem themselves entitled to the deposit are not thereby affected as between themselves. The difficulty in this, as in similar cases where deposits have been made by one in his own name, as trustee for another, is rather in the application of the law to the facts than in the principles which should govern. The very large number of deposits in the savings banks of this Commonwealth, and the convenience, in many instances, of adopting this form of deposit, has caused it often to be carefully considered. While, if Trumbull retained the control over this fund until his death, intending that no title or interest in it should pass until that time, it is also true that if he deposited the money in the bank, intending it to be at the time a gift to Mrs. Wood, although he himself kept the deposit book, informed her of it, and she assented to it, this would be equivalent to a delivery and

* A deposit of money in a bank in the name of another, subject to the right of the depositor to take the income during his life, to which arrangement the donee assents, constitutes a valid gift *inter vivos*, if the donor intended it as a present gift, though he retains the bank-book. *Smith v. Bank* (N. H.) 9 Atl. Rep. 792. To constitute a gift of money deposited in a savings bank in the name of the party claiming it as a gift it must have been put in the name of the donee, with the intention on the donor's part of making a gift of it, and it must have been accepted by the donee. *Scott v. Ford* (Mass.) 2 N. E. Rep. 925; *Walker v. Welsh* (Mass.) 11 N. E. Rep. 727; and when a deposit is made by a husband in his wife's name, and the husband retains control over it until time of his death, there is no gift. *Schick v. Grote*, (N. J.) 7 Atl. Rep. 852.

an acceptance of a chattel on delivery, and the gift would be perfected. *Scott v. Bank*, 140 Mass. 157, 2 N. E. Rep. 925. In *Gerrish v. Institution*, 128 Mass. 159, it is said that it is enough for the purpose of making a party trustee for the benefit of another "if it be unequivocally declared in writing, or orally if the property be personal, that it is held in trust for the person named. When the trust is thus created, it is effectual to transfer the beneficial interest, and operates as a gift perfected by delivery." It was there held that evidence, which the claimants offered of declarations which the testator, the alleged trustee, made to them at different times, in language which fairly implied that he intended to give to them an immediate equitable title in the principal fund, reserving to himself only the income for life, should have been admitted. But a mere declaration of trust by the owner, not communicated to the donee, and assented to by him, or a mere deposit of the fund in his own name as trustee, or a deposit in the name of another, will not be of themselves alone sufficient to prove a complete gift, or voluntary trust. *Sherman v. Bank*, 138 Mass. 581, and authorities. The case at bar, although the evidence as to the ownership of the deposit is fully stated, does not require us to decide whether we should have found as did the presiding judge who has reported the case, but only whether there was sufficient evidence as matter of law to sustain his finding. If all the declarations were of the character of that first testified to by Mrs. Wood, this would be difficult. The claimant testifies that the compensation she was receiving in the way of weekly wages was nominal; that it was always understood that some provision would be made for her in addition. In November or December of 1883, Trumbull recited to her the provisions of his will, by which he had bequeathed to her twenty-five shares in the Vermont & Massachusetts R. Co., adding: "And if I live until the first day of January, there will be a thousand dollars in the North End Savings Bank in trust for you; and if I die, and leave that as I intend to, you will call for the book, and it will be yours." The money was not then in the bank, and this conversation only indicates an intention to put it there and to leave it there, so that the claimant might receive it at his death. It is of the same character as the conversations to which the claimant testifies, when she states "Mr. Trumbull told me a good many times that he would make a provision for me." But the statement made by the claimant as to what was said by Trumbull, shortly before his death, and after the deposit of the \$1,000 was actually made, is of a different character. He explained to her (referring to a deposit made by another and for the benefit of another person than the claimant) that money put in trust in a savings bank for a person would go to that person, saying: "That is on the same principle as the one thousand dollars that I put in for you in the North End Savings Bank." He said: "The law is strict in that way, and that money is yours." The claimant in her testimony repeated this declaration with some slight change of phraseology, but each time as an explicit statement by Trumbull that the money then in the North End Savings Bank was hers. Thus she states: "He told me first before he died that it was there, and it was mine." She was inquired of in cross-examination: "He said . . . that he had put a thousand dollars in for you, and if he left it there, if he died, as he expected he should," and the claimant, interrupting, said: "No, sir; he didn't at all. He said it was there. The last time he spoke of it, he said it was there, and it was mine." These statements, if believed, establish a perfected gift of the \$1,000, assented to by the claimant. They are made when the money is actually in the bank, and they assure the claimant, without qualification, that it is hers. There is no reason, as matter

of law, why the court might not have placed confidence in them. We cannot review the evidence or the argument by which it was sought to show that they were not in fact worthy of credence. *Heywood v. Stiles*, 124 Mass. 275. Judgment on finding for claimant.

NEGOTIABLE PAPER.

SUPREME COURT OF WISCONSIN.

Manufacturers' Nat. Bank v. Newell.

A bank discounted a note for a company and credited it with the amount, the credit subsequently increasing, so that, at the time of suit on the note, the bank had parted with nothing of value for it. *Held*, that the bank was not a *bona fide* purchaser for value.

Where a note is given to a company, constructive notice of infirmity therein to the officers of the company does not in itself import notice to a bank discounting the note, of which, also, they are directors and officers.

Action on a promissory note discounted by plaintiff and appellant, Manufacturers' National Bank of Racine. August 25, 1884, the J. I. Case Threshing-Machine Company, a corporation doing business at Racine, by its agent, sold to the defendant P. F. Newell, at Hammond, St. Croix county, a separator and steam-engine for threshing grain: that at the same time, and in part consideration therefor, a note bearing that date, purporting to be executed by the said P. F. Newell, and his brother M. J. Newell, was made, wherein they promised to pay on or before November 15, 1885, to J. I. Case Threshing-Machine Company or bearer \$300 at the bank of New Richmond with interest at 7 per cent. per annum from that date until paid. This action was commenced December 12, 1885, to recover the amount of the note, which the complaint alleged to have been duly sold, assigned, and transferred to the plaintiff, a banking corporation at Racine, by said company, for a valuable consideration, before the same became due. The defendant M. J. Newell separately answered, and denied that he ever signed, executed or delivered the note. The defendant Peter F. Newell separately answered, and admitted that he executed, signed, and delivered the note. He also alleged, in effect, that he purchased the separator and steam-engine, at the agreed price of \$1,400, upon a warranty, upon which he relied, as to its good quality and efficiency; and that the machine was worthless, and that he had in consequence suffered loss greater in amount than such price of the machine; and that the plaintiff took and received the note with fair notice, and a knowledge of such breach, and all the facts therein stated. After the close of the testimony, the court directed a verdict in favor of the defendants, which was returned accordingly. From the judgment entered thereon the plaintiff brings this appeal.

CASSIDAY J.—The name of M. J. Newell was signed to the note in question by his brother Peter F., in the presence of the agent of the threshing-machine company, but apparently without any authority, express or implied. The most that is claimed is that when Peter F., some months afterwards, told him he had so signed his name, he made no response. There is no claim that M. J. Newell was in business with his brother, nor that he had any interest in the purchase, nor that such agent was induced to believe, or had any expectation of holding him liable in any other capacity than as mere surety, solely by virtue

of his name being signed as stated. Upon these admitted facts, it is evident that if the defense made by Peter F. Newell, as principal defendant, is available to him, then it is equally available to M. J. Newell, and the direction of the verdict was justifiable. For the purposes of this case, it must be assumed that, had the action been brought by the company, instead of the bank, the defense to the note made by Peter F. Newell, under the breach of the warranty on the purchase of the machines, would have been a complete and perfect bar to any recovery. The only question for consideration, therefore, is whether it appears conclusively, from the undisputed evidence, that the plaintiff was not a *bona fide* purchaser of the note in suit for value before maturity? If it was not such *bona fide* purchaser, then the court was justified in directing a verdict in favor of both defendants; otherwise, the judgment must be reversed. The testimony on this point is undisputed. It consists of the depositions of B. B. Northrup and J. I. Case, taken on the part of the plaintiff, and offered and read in evidence by the defendants. These depositions, as far as material here, are to the effect that during the times in question Northrup was cashier, and Case president, of the plaintiff bank; that during the same times Case was director and president, and Northrup a director, of the company; that during the same times M. B. Erskine was a stockholder and director in the company, and also in the bank; that during the same times the Baker estate was a stockholder in the company, and also in the bank, and was represented by Northrup, as trustee thereof; that during the same times Charles E. Erskine was a stockholder, director, and treasurer of the company, and also a stockholder in the bank; that during the same times the bank had a capital stock of \$250,000, of which \$79,000 were owned by stockholders of the company, and of that amount Case owned \$33,000; that during the same times the company did its banking business at the bank, and the bank was in the habit of collecting, and also discounting, notes taken by the company for machinery manufactured and sold by it; that October 8, 1885, Charles E. Erskine, as such treasurer of the company, took said note to the bank to be discounted, and for that purpose left the same with Northrup, as such cashier, who received the same, and stamped it as "Bills Discounted," and credited the amount thereof, including the interest thereon to that date, in the then current account of the company with the bank; that on that day there stood to the credit of the company on the books of the bank in that account a balance of \$42,095.55; that October 9, 1885, there stood to the credit of the company on the books of the bank in that account a balance of \$52,614.47; that December 9, 1885, there stood to the credit of the company on the books of the bank in that account a balance of \$147,911.86; that December 12, 1875, there stood to the credit of the company, on the books of the bank, in that account a balance of \$141,676.65; that Case had no personal knowledge of the note in suit, nor of any of the circumstances under which it was given, nor of either of the defendants, until long after the commencement of this action; that Northrup had no personal knowledge nor information concerning the sale and purchase of said machinery, nor said warranty, nor any of the circumstances under which said note was given, nor the consideration thereof, until after the note was so credited to the company on the books of the bank.

Upon these facts, can we hold that the plaintiff became a *bona fide* purchaser of the note for value, before maturity, by virtue of the amount thereof being credited to the company on the books of the bank, under the principle of the law merchant, or must we hold the reverse? The acts of the agent in selling the machine and taking the note were, in legal

effect, the acts of the company. This being so, the company must be presumed to have had constructive notice of the infirmity of the note in question. But it does not appear that, prior to its receipt of the note, any of the directors or officers of the bank had any actual knowledge or information respecting such infirmity. The mere fact that some of the directors and officers of the bank were also directors and officers of the company did not import to the bank the same constructive notice as was chargeable against the company. (*President, etc., v. Cornen*, 37 N. Y. 320; *Bank v. Savery*, 82 N. Y. 291; *Mann v. Bank*, 34 Kan. 746, 10 Pac. Rep. 150.) That fact of itself, therefore, was not such, in law, as to preclude the bank from becoming a *bona fide* purchaser of the note at the time of giving the credit, had it then actually paid the amount of the note. The mere fact that the officers of the bank knew, in a general way, that the company was in the habit of selling machinery, and taking notes therefor, and then discounting the same at the bank, was not equivalent to actual notice of the infirmity attaching to this particular note. The ruling in *Gill v. Cubitt*, 3 Barn. & C. 466, to the effect that a mere suspicious circumstance would prevent a party from becoming a *bona fide* purchaser for value, seems to have been disapproved by later authorities, not only in this country, but England. (*Goodman v. Harvey*, 4 Adol. & E. 870; *Goodman v. Simonds*, 20 How. 367-369; *Murray v. Lardner*, 2 Wall. 110; *Brown v. Spofford*, 95 U. S. 478; *Farrell v. Lovett*, 68 Me. 326, 28 Amer. Rep. 59; *Phelan v. Moss*, 67 Pa. St. 59; *Comstock v. Hannah*, 76 Ill. 530; *Fox v. Bank*, 30 Kan. 441, 1 Pac. Rep. 789.) This is in harmony with the rulings of this court. (*Kelley v. Whitney*, 45 Wis. 110; *Patterson v. Wright*, 64 Wis. 289, 25 N. W. Rep. 10.) But here it conclusively appears that the bank did not pay the company the amount of the note at the time of giving the credit to the latter on its books, nor any part thereof; on the contrary, it was then owing the company over \$40,000 on its bank account. The taking of the note, and giving the credit, simply increased the amount of that indebtedness. The relation of the bank to the company continued to be that of debtor and creditor, as well after the receipt of the note as before. (*Bank v. Millard*, 10 Wall. 155; *Foley v. Hill*, 2 H. L. Cas. 28.) Of course, there was an implied obligation on the part of the bank to honor the checks and drafts of the company to the extent of such indebtedness. (*Id.*) But there is not a particle of evidence that any such check or draft was ever given. On the contrary, we have the evidence of the officers of the bank to the effect that on the next day after the credit was given the indebtedness of the bank to the company had increased \$10,000; and that on the day this suit was commenced such indebtedness was nearly \$100,000 greater than when the note was received and the credit given. Whether the company checked the money out of the bank during the 60 intervening days between the dates given, does not appear. If it did, the fact could easily have been stated by the officers of the bank in giving their depositions in the case. Not having been thus stated, and it appearing affirmatively that the plaintiff received the note on a mere credit, which continued to increase, we must assume that the credit given to the company on account of the note was not paid by the bank when this action was commenced. At the time of the commencement of the action the note was several weeks past due. Up to that time the bank had parted with nothing of value for it. The defense interposed was substantial, and went to the merits. It was sufficient to bar any recovery, unless the bank is to be regarded as a *bona fide* purchaser for value of the note, by reason of the mere discount and credit. Such being the facts, we are constrained to hold that the plaintiff's remedy was to tender the note back to the company,

and cancel the credit. The right to do so is certainly sanctioned by courts of high authority. (*Bank v. Huver*, 114 Pa. St. 216, 6 Atl. Rep. 141; *Dougherty v. Bank*, 93 Pa. St. 227; *Dresser v. Railroad Co.*, 93 U. S. 92; *Scott v. Bank*, 23 N. Y. 289; *Bank v. Valentine*, 18 Hun. 417; *Bank v. Bank*, 52 Barb. 592; *Platt v. Chapin*, 49 How. Pr. 318; *Payne v. Cutler*, 13 Wend 605; *Bank v. Bank*, 1 Hall, 562; *Mann v. Bank*, 30 Kan. 412, 1 Pac. Rep. 579; *Balbach v. Frelinghuysen*, 15 Fed. Rep. 675.) These adjudications are to the effect that such mere discount and credit does not constitute a *bona fide* purchaser for value. To be such, the holder of the note must actually part with something of value for it. If, after such discount and credit, such holder receives notice of the infirmity of the note, he is thereby incapacitated from becoming such *bona fide* purchaser by any subsequent payment. We have not overlooked the remark of the late learned master of the rolls, cited by counsel, in *Ex parte Richdale*, 19 Ch. Div. 417. But that was under a bankrupt act, and the rights of third parties were involved. We must hold that the bank was not a *bona fide* purchaser for value, so as to be protected against the infirmity of the note.

The judgment of the circuit court is affirmed.

PAYMENT OF CHECK BEYOND LIMIT.

SUPREME COURT OF IOWA.

Bremer Co. Bank v. Mores.

A bank sued for a balance on an account arising under an alleged agreement with defendant to furnish him money to carry on his business, taking his note as security for the account. *Held*, that the action was on the account, and, if the proof failed to establish the agreement, defendant was still liable under an implied contract to pay any balance arising from checks drawn under the authority of defendant, and paid by the bank.

Defendant notified plaintiff not to allow the account to be overdrawn beyond a certain amount. Checks were drawn by one authorized by defendant, exceeding the limit set by him, and the checks were paid by plaintiff. *Held*, that defendant could not, by mere notice, defeat the rights of holders of such checks, there being no ground for arresting payment, nor the right of plaintiff to pay the same, and charge to defendant's account.

BECK, J. 1. The petition alleges that plaintiff made an arrangement with defendant to furnish him money to be used in carrying on the creamery business, in which he was engaged, and thereupon plaintiff opened a bank account with the defendant, and paid checks, drafts, and other evidence of indebtedness, made in prosecuting the creamery business, and charged the same in defendant's account, and credited him with all money deposited; and that upon this account a large balance is due plaintiff, for which it asks judgment. The account is made a part of the petition. The defendant in his answer denies that he *personally* checked or drew any money from plaintiff's bank which is charged in the account; that he executed with another a promissory note to plaintiff, for a large sum, which was delivered as a deposit or as "collateral" to the account; and that he notified plaintiff that it must not allow his account to be overdrawn, or allow a greater sum to be drawn than would be paid by the note; and for any such overdraft defendant would not be liable. It is alleged in an amended petition that the creamery business

was conducted by defendant in connection with another, the same person who had signed the note with defendant, and that such person was authorized to draw, and did draw, checks against defendant's bank account, which was balanced monthly, and reported to defendant, and the checks surrendered, and the balance assented to by defendant, and the person connected with him in business, except those for the last two months of the business. Other allegations of the pleadings need not be recited.

2. It is urged by defendant's counsel that the verdict is not sustained by the evidence; and the court erroneously overruled a motion for a new trial based upon this ground. In support of their position, counsel insist that, as the evidence wholly failed to show an arrangement between the parties alleged in the petition, to the effect that plaintiff was to furnish money to defendant for his creamery business, the cause of action was not established. But the action is not brought on the agreement or arrangement, as it is called, but upon the account. If the checks or drafts upon which plaintiff paid money were drawn under proper authority of defendant, an implied contract arose, by which defendant was bound to pay any balance accruing on the account. What is alleged as to the arrangement is not the cause of action, but is averred as an inducement, showing defendant's obligation to pay the balance due on the account.

3. It is argued that, as there is no conflicting evidence upon defendant's defense, based upon the allegation of his answer to the effect that he had notified plaintiff not to permit his account to be overdrawn beyond the amount which would be paid by the deposit made by the promissory note, which was credited thereon, the plaintiff cannot recover; and, in view of the fact that there is no conflict of evidence upon this branch of the case, the verdict ought to have been set aside. But defendant's counsel fail to consider another aspect of the case. It is not disputed that the person drawing the checks was doing business for or with defendant, and was authorized to draw them. There is no claim that this authority was withdrawn. The case, then, is this: Defendant notified plaintiff not to pay checks drawn by his authority. Such checks were binding upon defendant, whether he had or had not a balance in the bank. He could not, by a mere notice to plaintiff not to pay after a certain limit was reached, defeat the rights of holders of such checks, and the right of plaintiff to pay and charge them to defendant's account. If there existed want of consideration, or any other legal or equitable grounds for arresting payment, he could require plaintiff to refuse it. But if the checks were drawn by authority in the prosecution of the business with which defendant was connected, and he availed himself of the benefits of such checks, he cannot refuse to account for them, even though they exceeded the limit prescribed in his notice to plaintiff. These views are based upon the plainest principles of law and equity. They are substantially expressed in instructions to the jury.

4. It is urged that, as the evidence does not show what disposition was made of the money by the person drawing the checks, it fails to establish defendant's liability. But if the checks were drawn by authority of defendant in the prosecution of defendant's business, plaintiff was not required to inquire what disposition was made of the money received thereon.

In our opinion the judgment of the district court ought to be affirmed.

COLLECTION OF CERTIFICATE OF DEPOSIT.

SUPREME COURT OF IOWA.

Ide, Ex'x, etc. v. Bremer Co. Bank.

The plaintiff, on October 19, 1883, left with the defendant a certificate of deposit "for collection when due," and took a receipt therefor, showing—

DATE.	MAKER'S NAME.	AMOUNT.	INT.	WHEN DUE.
June 18, '83.	M. P. Ayers & Co.	\$12,300.	3.	Dec. 18, '83.

—but gave no instructions as to the time of collection, and was not informed by the defendant as to the usual course of business in such cases. The certificate was in fact payable on demand, but to draw interest only if held until maturity. Defendant proceeded at once to collect its face amount, and paid the same to plaintiff. *Held*, that defendant was not guilty of either negligence or violation of instructions, in not collecting interest for the six months, and was not liable therefor.

BECK, J.—1. The facts upon which the case was decided by the court below are not in dispute, and are as follows: October 19, 1883, plaintiff left with defendant for collection a certificate of deposit for \$12,300, given by bankers in Jacksonville, Illinois. The defendant executed a receipt for the certificate in the following form and language:

"WAVERLY, IOWA, October 19, 1883.

"Received of O. C. Ide the following certificate of deposit for collection when due:

DATE.	MAKER'S NAME.	AMOUNT.	INT.	WHEN DUE.
June 18, '83.	M. P. Ayers & Co.	\$12,300.	3.	Dec. 18, '83.

—Twelve thousand and three hundred doll.

L. L. LUSH, Cash."

On the day of its receipt, the defendant, in the usual course of business, sent the certificate for collection to its correspondent at Chicago, a solvent national bank, which immediately collected it. The receipt recites that the certificate is to be collected when due. We understand the abstract to show that the certificate was payable upon demand. The plaintiff gave no instructions as to the time of its collection, and received no information from defendant as to the usual course of business in making collections of the character of this one. The defendant sent with the certificate instructions to collect it when it became due. The defendant's correspondent collected the face of the certificate, which was remitted to defendant and paid to plaintiff. This action is brought to recover interest on the certificate, at the rate named therein, for six months.

2. We think the judgment of the district court may be supported, on the ground that the certificate was collected pursuant to the very terms of the receipt which declares it shall be collected when due. It was payable upon demand, and was in fact due when it was received by defendant. There was nothing in the receipt obligating defendant to hold it until the expiration of six months from its date when it would draw interest, and plaintiff gave no instructions to that effect. The

statement in the receipt that the certificate became due December 18, 1883, is not correct, which we will presume was well known to both parties. This statement does not preclude the defendant from showing the fact of the maturity of the certificate at the time. In the absence of any instructions to or agreement by defendant requiring it to hold the paper, the presumption arises that it was the purpose of the plaintiff to press its immediate collection. Had his intention been otherwise, he would not have put it in course of collection two months before the day interest would accrue thereon, when, as he now claims, he intended to present it for payment after that time. We conclude that defendant is not liable in this action, for the reason that neither its negligence nor violation of agreement or instruction has been established. The correspondent was not guilty of negligence nor violation of instructions, for the collection was made in accord with the directions given by defendant which accompanied the certificate. The rule of *Guelich v. Bank*, 56 Iowa, 434, 9 N. W. Rep. 328, is not applicable to the case.

It is our opinion that the judgment of the district court ought to be affirmed.

POWER OF NATIONAL BANK TO MAKE A REAL ESTATE CONTRACT.

SUPREME COURT OF IOWA.

First National Bank of Ottumwa v. Reno.

A national bank has the power to enter into an agreement to accept personal property in payment for its real estate which it has disposed of.

A national bank sold a tract of land to C., and agreed to accept in part payment the personal property in controversy, evidenced by the following memorandum given to the president and cashier: "I hereby sell to said parties, stock and grain on my place as follows: Hogs, now on the place and to be purchased; ear-corn, 700 to 800 bushels, more or less; buckwheat, 200 bushels, more or less; oats, 250 bushels more or less—the sale of said grain to be credited on my debt to them, and said hogs and grain held as their property until sold and so applied." There was no delivery of the property, C. retaining possession for several months, when the defendant, a creditor of C., who had knowledge of the contract, levied on it as the property of C. *Held*, that the contract sufficiently expressed an intention to make a present sale as to be binding on the parties to it, and the defendant, who had knowledge of the facts, is in no better position than C.

REED, J.—Plaintiff sold and conveyed a tract of land to Carman, and agreed to accept the property in question in part payment of the price, and he executed and delivered the following memorandum as evidence of the contract:

"OTTUMWA, IOWA, November 1, 1885.

"For and in consideration of the conveyance of forty acres of land to me by W. B. Bonnifield, president, and W. A. McGrew, cashier, First National Bank, I hereby sell to said parties stock and grain on my place as follows: Hogs, now on the place and to be purchased; ear-corn, 700 to 800 bushels, more or less; buckwheat, 200 bushels, more or less; oats, 250 bushels, more or less—the sale of said grain to be credited on my debt to them, and said hogs and grain held as their property until sold and so applied.

"J. B. CARMAN."

It was proven on the trial that when the contract was entered into Carman had in his possession on his farm a quantity of ear-corn which he had raised; also a quantity which he had purchased—the two lots being separate from each other; and it was the quantity which he had purchased which was intended to be included in the contract. Also that he had but one lot, each, of oats and buckwheat, but the quantity of each was unknown. He also had a number of hogs, and before the levy was made he purchased others, and a number were added by natural increase. Those purchased were paid for by plaintiff, but he subsequently repaid to it the amount of money paid for them. The understanding was that the purchaser included all the hogs then owned by him. Defendants had notice of the contract before the levy was made. Carman retained the property in his possession up to the time of the levy, which was made several months after the contract was entered into, and fed the hogs from the corn. The understanding appears to have been that he was to be credited for whatever amount should be realized for the hogs. Under that arrangement, he would have been compensated for the corn consumed by the hogs. The contract, then, had reference to specific property; but there was no delivery, and the price to be paid for it was dependent on two things, to be ascertained in the future, viz., the quantity and the prices at which it would be sold.

The important question in the case is whether the transaction amounted to a completed sale of the property, or whether the contract remained executory. The question whether the title to personal property which is the subject of a contract, has passed to the vendee under the agreement is one of intent. If there has been an actual delivery, and nothing remains to be done to ascertain the price or quality of the article, the strong presumption is that the intention was to pass the title. On the other hand, if delivery has not been made, and something yet remains to be done in order to ascertain its quality or price, such as inspecting or weighing it, the presumption is equally strong that it was the intention that the ownership should remain in the vendor. But in neither case is the presumption conclusive. It would be competent for the parties to contract, in the one case, that the title should remain in the vendor, notwithstanding the delivery, or, in the other, that it should pass to the vendee in advance of delivery. This view finds abundant support in the authorities. (*Hurd v. Cook*, 75 N. Y. 454; *Riddle v. Var-num*, 20 Pick. 280; *Bank v. Bangs*, 102 Mass. 291; *Lingham v. Eggleston*, 27 Mich. 324; *Wilkinson v. Holiday*, 33 Mich. 387; *Bogy v. Rhodes*, 4 Greene, 133; *Benj. Sales*, 4th Ed. § 311; *Blackb. Sales*. 120.)

The contract in question clearly indicates an intention by the parties to make a present sale and transfer of the property. The language, "I hereby sell to said parties stock and grain," etc., and "said hogs and grain to be held as their property," etc., is not fairly susceptible of any other construction. Having clearly expressed that intention in their written contract, there is no rule of law under which it can be defeated. As between the parties, the title passed under the contract to plaintiff. And as defendants had notice of the contract before they caused the property to be seized, they are in no better condition than Carman would be if he were seeking to avoid the contract. The case is distinguishable from *Snyder v. Tibbals*, 32 Iowa, 447. The language of the contract in that case did not evidence an intention by the parties to pass the title to the property, but showed rather that they intended that the agreement should be executory.

2. The point is urged that the contract is one which plaintiff, under

its charter, is incapable of entering into, and hence that it acquired no rights under the contract. It may be conceded that banking associations organized under the national banking act, have no power to engage generally in the business of buying and selling personal property. They have power, however, under certain circumstances, to acquire and dispose of real estate. No question is made but that plaintiff lawfully acquired the real estate which it sold to Carman. If so, it had the right to dispose of it, and we know of no provision in the statute under which it was organized which forbids it to receive property other than money in payment. The agreement to accept the property in question in payment was entered into at the same time that the contract for the sale of the land was made.

The judgment will be reversed, and the cause remanded.

Rothrock and SeEVERS, JJ., dissenting.

LEGAL MISCELLANY.

BILLS AND NOTES—ACCEPTANCE.—The drawee of an order said to the agent of the payee that he "would not pay it that afternoon, but tell A (the payee) it was all right, and I will pay it:" *Held*, that the acceptance was valid, in the absence of a statute requiring a written acceptance.—[*Short v. Blount*, S. C. N., Car.]

BILLS AND NOTES—DEFENSES—PRIVITY.—When notes are given to the president of a corporation for money loaned by the corporation and by him indorsed in blank, the maker is entitled to any defense against the corporation that he has against the payee.—[*New England, etc. Co. v. Gay*, U. S. C. C. Ga.]

BILLS AND NOTES—PRESENTATION—CHECKS.—A check payable on demand went through several hands, and was presented for payment several weeks after its date. The drawer was good at its date, but had failed before it was presented: *Held*, that an indorser was discharged.—[*Parker v. Reddick*, S. C. Miss.]

PRINCIPAL AND SURETY—RELEASE.—Defendant became surety to plaintiff on C's note. C indemnified him by giving him a chattel mortgage on certain property. Plaintiff then, without consideration, released C from liability on the note. Afterwards, defendant sold his security without consent of plaintiff: *Held*, that, notwithstanding the release of the principal debtor, plaintiff could recover from defendant the amount realized by the sale of the mortgaged property.—[*Jones v. Ward*, S. C. Wis.]

BILLS AND NOTES—PAYMENT.—Where a draft was drawn upon plaintiff, payable at a bank at which he had provided funds for its payment, and the defendant, a bank, holding the draft for collection, failed to present it for payment until after the bank at which it was payable had failed, and afterwards plaintiff paid the draft under protest, to save his credit: *Held*, that plaintiff could not recover of defendant bank the amount of the draft, his payment of it being voluntary.—[*Harvey v. Girard, etc. Co.*, S. C. Penn.]

GUARANTY—CONDITION.—Where a guarantor delivered to the cashier of a bank a note with his guaranty, and notified the cashier that the delivery was upon condition that another person should guarantee the

note, and the bank accepted the note without the additional guarantee, the first guarantor is not liable upon his guaranty.—[*Belleville, etc. Co. v. Bornman*, S. C. Ill.]

INTEREST—COUPONS.—When the interest upon a promissory note is represented by coupons, no interest can be collected on them after maturity, but the principal contract for the loan is not rendered usurious by such a provision.—[*Mathews v. Toogood*, S. C. Neb.]

ALTERATIONS—NOTE—MORTGAGE.—The widow of a deceased mortgagor, without fraudulent interest, altered the note to make it read we, and draw a higher rate of interest, and by affixing her name to it, also affixing her name to the mortgage: *Held*, that the note was avoided, but the mortgage was good and might be enforced.—[*Heath v. Blake*, S. C. S. Car.]

BILL—CONDITIONAL ACCEPTANCE.—A conditional acceptor of a draft must pay the same when the conditions are fulfilled.—[*Savannah, etc. R. Co. v. Scheffelen*, S. C. Ga.]

NOTE—FAILURE OF CONSIDERATION—WARRANTY DEED.—In a suit by the payee on a note given in part payment for a homestead sold by the widow, a defense that she promised to get the signature of one of her children, which she failed to do, is demurrable, if it fails to allege the insolvency of all the grantors in his warranty deed, and fails to allege that he was ignorant of the defect at the time of the purchase, or that there was then fraud on the part of the grantors.—[*Neyland v. Neyland*, S. C. Tex.]

NOTE—SURETY—RENEWAL.—When one signs a note as surety, renewing a note wherein he was a joint maker, his estate upon his decease is liable for its payment.—[*Boyd v. Bell*, S. C. Tex.]

COMPROMISE—OFFERS—EVIDENCE.—Letters written in reply to an offer of compromise are not admissible in evidence, though they contain admissions of liability.—[*Kierstead v. Brown*, S. C. Neb.]

GIFT—EVIDENCE.—Where A deposited in bank \$1,000 to the credit of B, who testified that before his death A had said that that money was hers: *Held*, that her evidence, if believed, was sufficient to establish a gift.—[*Alger v. North, etc. Co.*, S. J. C. Mass.]

BILLS AND NOTES—INDORSEMENT—PAROL EVIDENCE.—Evidence is not admissible of a parol contemporaneous agreement varying the effect of a blank indorsement of a negotiable note.—[*Knoblauch v. Crossman*, S. C. Minn.]

GIFT—CAUSA MORTIS.—Where one, a few days before his death, delivers his bank book to another, telling him to keep it for his daughter and to deliver it to her on his death, but does not part with the present dominion or control of the book, or the money represented thereby, there is no *donatio causa mortis*.—[*Daniel v. Smith*, S. C. Cal.]

GIFT—CAUSA MORTIS—CERTIFICATE OF DEPOSIT.—A married woman may make a *donatio causa mortis* of a certificate of deposit during her last illness, in an anticipation of death, by delivering it to a third person for the use of the donee, though the certificate is payable to her order and has not been indorsed by her.—[*Conner v. Root*, S. C. Colo.]

GUARANTY—REVOCATION.—The guaranty of several debts to a bank is revoked by the death of the guarantor as to all transactions subsequent to his death.—[*National Eagle Bank v. Hunt*, S. C. R. I.]

GUARANTY—NEGOTIABLE PAPER.—Where one guaranteed that the demand note of another person was good and collectable, he is liable on his guaranty, although the judgment was not rendered against the maker for seven years after the guaranty.—[*Lemmon v. Strong*, S. C. Conn.]

NEGOTIABLE INSTRUMENT—ACCOMMODATION INDORSER.—Where a party induces another to indorse a note, in order that he may get it discounted, he cannot maintain an action against such indorser.—[*Martin v. Marshall*, S. C. Vt.]

BILLS AND NOTES—MATURITY—DATE.—A note dated July 1, 1878, promising to pay ten days after date, contained a statement after the signature, reading "due September 30, 1878:" Held, that the note matured upon the day named in the body thereof.—[*Fisk v. McNeal*, S. C. Neb.]

NEGOTIABLE INSTRUMENT—AGREEMENT NOT TO SUE.—Where a married woman, the payee of a note, agreed with the maker thereof that she would not sue him as long as he was assignee of her husband, such agreement forms a valid defense to an action brought on the note while the maker was such assignee.—[*Brick v. Campbell*, S. C. N. J.]

NEGOTIABLE INSTRUMENT—EXECUTION—RATIFICATION.—Where a question is raised as to the genuineness of the signature of a surety, and the evidence does not tend to show that a forgery was committed, and it appears that the execution was ratified by the surety, it is not a case within the rule relative to the ratification of forged instruments.—[*Henry v. Heeb*, S. C. Ind.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—One who indorses a promissory note before delivery will be treated as a maker. The abbreviation "& Co." added to a name does not raise any presumption of a partnership.—[*Schroeder v. Turner*, Md. Ct. App.]

NEGOTIABLE PAPER—FRAUD.—Where a note was given without consideration and fraudulently indorsed, the holder cannot recover upon it, unless he can show that he obtained it in due course of trade, before maturity, and without knowledge of any fraud connected with it.—[*Williams v. Huntington*, Md. Ct. App.]

NEGOTIABLE PAPER—PROTEST—WAIVER.—Where the indorser of a note which was not protested for non-payment, promises after its maturity to pay it, he thereby waives his right to notice of protest.—[*Turnbull v. Maddox*, Md. Ct. App.]

PRINCIPAL AND SURETY—NEW NOTE—RELEASE.—A made a note which was indorsed in turn by B and C. Upon its maturity C gave his note in place of it. When the latter note fell due a note of A indorsed by C was given, which C paid upon its maturity: Held, that B was discharged.—[*Stuart v. Lancaster*, S. C. App. Va.]

STOCK—TRANSFER—LIABILITY.—When a director and vice-president of a bank does not return a dividend paid him by the bank at a time when it was insolvent upon stock transferred to him without his knowledge prior to his election to such office, and only repudiates the transfer by paying said dividend over to the supposed owner of the shares, he must be held to be the owner of these shares thus transferred to him on the books.—[*Brown v. Finn*, U. S. C. C. Colo.]

PROPOSED CHANGES IN THE NATIONAL BANK CODE.

REPORT OF HOUSE BANKING COMMITTEE.

Copies have recently appeared of the report made by Representative Wilkins, from the House Committee on Banking, indorsing the Trenholm bill for the codification of the national banking laws. The report says:

"The present national banking laws were passed at a time when the Government was in great need of money, with the object not so much of supplying a circulating medium as to furnish to the Government a market for its securities, which it was issuing from time to time, other than the limited market afforded by the ordinary demands from the people.

"The conditions existing then have long since ceased, the Government is no longer seeking a market for its securities, nor looking for a purchaser for its bonds. It is no longer a borrower, but is making haste to be out of debt.

"Therefore, owing to the success attendant upon the national banking system, developing the vast financial resources of the country, and the satisfactory results that have been achieved under the directions of men of intelligence and skill, after the trials of a quarter of a century, and the recognized benefits it now affords the whole country, the question of its continuance to a period, co-equal at least with the existence of a Government bond, seems well settled by both Congress and the people.

"Therefore, your committee respectfully submit for the consideration of Congress this codification of existing laws relating to national banks, logically arranged according to the several topics, modified by certain amendments and additions suggested by the Comptroller of the Currency, which, in his judgment and the judgment of your committee, will improve the system and increase the security of the public in their dealings with the banks.

"Since the passage of the Banking Act of 1864 each recurring Congress wrought many changes in the law, as different conditions arose, until December, 1873, when the statutes of the United States were revised and embodied into what are now known as the Revised Statutes of the United States. All the laws enacted prior to 1873 are, therefore, contained in these statutes. Many of the laws and amendments passed since this date, however, are of the utmost importance, and are scattered over a period of fifteen years, and distributed throughout the same number of publications of laws of each session of Congress—inconvenient for reference and inaccessible to the great number of people interested. It is believed the time has arrived when there should be a complete codification of all the laws relating to national banks, perfecting the system by amendment as near as may be, and at the same time affording a convenient and intelligent arrangement of existing law."

The report then reviews in detail the sections of the new code, 235 in number, and explains their provisions as they have heretofore been described by Comptroller Trenholm. In reference to the proposed reduction in the amount of compulsory bond deposits, the report says:

"Section 75 makes an important change in the amount of bonds required to be deposited by the banks.

"The Acts of 1863 and 1864 required a deposit of bonds not less in amount than one-third of the capital; the Act of 1874 made \$50,000 the minimum; the Act of 1882 fixed the amount at one-fourth the capital in cases where the capital does not exceed \$150,000, and at \$50,000 for all banks of which the capital exceeds \$150,000.

"The proposed code divides the banks into classes, those with a capital of \$250,000 and less, and those of which the capital exceeds \$250,000, and reduces the amount to be deposited by the smaller banks from one-fourth to one-tenth of their capital, and that to be deposited by the larger banks from \$50,000 to \$25,000.

"The reason for the change is that the bond requirement is a serious impediment to the absorption into the national bank system of the State banks, which are still numerous in those sections which were more or less excluded from early participation in the privileges of the Acts of 1863 and 1864; and it is also an impediment to the formation of new banks of large capital. While the change may induce some banks to withdraw a portion of their bonds, it may reasonably be expected that the deposit of bonds made by new banks and by banks increasing their capital will offset such withdrawals to some extent.

"The danger of a spasmodic contraction of the national bank circulation is obviated by the retention of the clause in section 9 of the Act of July 12, 1882, which provides that not more than \$3,000,000 of lawful money shall be deposited in any one calendar month for the purpose of withdrawing such circulation; but there seems no reason to retain the other clause of that section, which prohibits banks that have reduced circulation from again increasing it until after an interval of six months.

"Among all the objections that have been made to the national bank currency, none seem so well founded, and at the same time so serious, as the charge that it is inelastic in volume, and therefore devoid of one of the prime requisites of a bank currency. The clause referred to manifestly tends to aggravate this defect, and it should, therefore, be discarded from the law."

In reference to the investment of bank funds in real estate, the report says:

"Sections 147 to 150, inclusive, contain what is believed to be a very salutary check upon the managers of national banks in respect to investments in real estate securities. Since the liabilities of banks are payable on demand, the fundamental principle of good banking is that the assets should be readily convertible into money. Real estate and real estate securities are hardly ever readily convertible; while under conditions often arising they become inconvertible, and remain so for long periods of time. Experience teaches that these conditions are sure to arise just when the exigencies of the community demand from banks the largest and readiest money accommodation.

"Dealing in real estate, and in bonds and debentures secured by real estate, is of course an entirely legitimate employment for private or corporate capital, and there seems no lack of capital seeking such employment. It is generally safe and often profitable; but commercial banks should be restrained from investing their deposits in such forms, lest their depositors should be exposed to the danger of finding that the cash upon which they depend for their current transactions has become locked up in investments which, however safe and profitable for the bank, cannot be made to reproduce the cash at the moment at which it is most urgently needed. Statistics presented in the report of this year show that real estate investments are responsible wholly or in

part for the failure of sixteen out of the one hundred national banks of which the causes of failure have been ascertained.

"While the general principle here stated is indisputable, and admits of but few exceptions in its application to settled communities where real estate investments constantly tend to increase permanence, yet it should not be overlooked that in some sections of the country a very large amount of active capital is always seeking employment in real estate securities, which tends to make such securities exceptionally convertible, and it is, no doubt, difficult for the banks situated in those localities to keep themselves entirely free from this business. To meet these cases, section 148 has been framed in such a way as to afford to such banks an opportunity to accommodate their customers and promote the general business around them without too much risk of becoming embarrassed with locked-up funds."

The passage of the proposed code is earnestly recommended.

RENEWAL OF THE CANADIAN BANK ACT.

At the annual meeting of the stockholders of the Merchants Bank of Canada, Mr. George Hague, the general manager, in his excellent address reviewing the operations of the bank for the year, devoted a considerable space to this subject, which has become an important one with Canadian bankers.

As the Banking Act under which all our institutions do business expires in July, 1891—not 1890, as is sometimes said—it is important that due consideration should be given beforehand to the terms on which the renewal should take place. Bankers may be presumed to have given considerable thought to the working of an act under which all their operations are carried on, and they have done so undoubtedly. I question, however, whether the general public appreciate the magnitude of the interests involved in this question, and the great damage that imprudent legislation might do to every commercial and industrial concern in the country. That all these are bound up in the stability and efficient working of our banking institutions, will be admitted by all who think carefully on the subject. It is in view of the vast magnitude of the interests involved that I venture to deprecate unnecessary changes. A settlement of the whole banking question after several years of discussion was made when Sir Francis Hincks was Finance Minister in 1871. That settlement on the whole has worked as well as the great settlement of the banking question in England under Sir Robert Peel's act in 1844. That act did not accomplish all that was expected of it, and in particular it did not prevent commercial panics and disastrous failures, as some thought it might. But it accomplished great practical good. The act left undisturbed the circulation of existing banks, only imposing certain restrictions as to the total amount to be issued. This settlement has never been disturbed. The settlement of our banking question in 1871 has not prevented the failure of joint stock banks. It would be absurd to expect that any act of Parliament would prevent bank failures or any other failures. It has been supposed that if the banks were inspected by Government officers they would be better managed. Experience does not justify this conclusion. A system of bank examination has existed in the States for many years, yet bank

failures in spite of this have been both as numerous in proportion and as disastrous in character as they have been in Canada. It is vain to expect that any act of Parliament or legislative restriction will prevent bad management or dishonesty. The law puts power in the hands of the stockholders to elect directors. It provides that directors shall have a considerable interest in the bank, and it places the appointment of other officers in their hands. It compels banks, moreover, to make frequent reports of their business to the Finance Department at Ottawa, and empowers that department to get further information if thought needful. This power has been exercised to my knowledge. It protects the circulating notes of the banks by making them a first charge on the assets—a very efficient protection, as experience has proved. But Government cannot protect depositors and stockholders. To protect them efficiently the Government would have to become responsible for the management. But it can no more undertake to do this than it could undertake to manage the dry goods trade. The Government could not even attempt to do what some persons want, without doing much more than inspect. The mere visit of a Government inspector would not accomplish their desire. It would be needful to give the Government powers of management and control. Whether it would be desirable to intrust the Government with such powers as this, may be left to the judgment of the commercial community. And the Finance Minister is not very likely to add to his cares by becoming responsible for the good management of all the banks in the country. Even if Government did, are we to suppose there would be no more bad management and dishonesty? The question answers itself. But one thing I am sure of. If there were any semblance of control of the banks by the Government, bank management would become a party engine, to be worked as such influences always are worked; and every merchant and commercial man in the country would be in the Government's power. It is well to speak plainly on the subject, and bring the hazy notions of some people to the test of experience. Banks, however, may exert a conservative influence over one another. The establishment of a Banker's Association on the lines of the English and Scotch associations, and also of a clearing house, would, I think have a good effect. There are some points of detail in which an improvement in the banking act is practicable: First. It is desirable that the notes of all the banks shall be taken at par all over the Dominion. It would be easy to enact a clause to that effect, however, without going so far as to make such notes a legal tender. This, of course, would be impracticable. Second. The provisions respecting the security a bank may or may not take might be modified to advantage. They are, in some respects not suited to the present condition of the country. We might assimilate our law and practice to that of England in these respects with advantage. Third. It would undoubtedly be an advantage if the minimum amount on which a Joint Stock Bank could commence business and issue circulating notes was considerably raised. Experience proves that in Canada, considering what our system of banking is, the amount is far too small. These provisions could readily be incorporated in any renewal of the banking act, without in the least degree impairing its efficiency, or diminishing the power of the banks to render service to the public—a point I may say, often overlooked by those who suggest legislation on the subject.

THE PROGRESS OF APPLIED SCIENCE IN ITS EFFECT UPON TRADE.

Periods of depression in manufacturing industries are common in all machine-using countries, generally occurring at the same time and extending over the same periods. During the present century there have been twelve marked periods of depression,* short, sharp, and severe in the early part of the century, because then machinery and hand labor were in full conflict. From the year 1837 to 1873 the periods of depression were at tolerably regular distances of ten years. Since 1873 the depression has been persistent, with a short cessation for special industries in 1879-1882, after which prices maintained their abnormally low level. As this prolonged depression has been common to all machine-using countries, it must have one cause, dominant and universal in its character, sufficient to govern the local differences of countries and nationalities, with all their diverse fiscal arrangements. It matters not whether the countries were devastated by war or remained in the enjoyment of peace; whether they were isolated by barriers of protection, or conducted their industries under free trade; whether they abounded in the raw materials of industry, or had to import them from other lands; under all these varying conditions, the machine-using countries of the world have felt the fifteen years of depression in the same way, although with varying degrees of intensity. During this lengthened period the hand-labor countries were not seriously depressed, though in the later years since 1883 they have suffered in sympathy, because the purchasing power of Europe became lessened and the commodities grown by the hand-labor countries of Asia and Africa were not in demand at the old prices. Thus, comparing the years 1885 and 1886, the prices of exports, as given in the *Economist*, declined in the latter year 6.34 per cent., while prices of imports declined 6.37 per cent. In other words, the prices fell all around, practically the same both as to buying and selling. The machine-using countries have a population of four hundred millions, or, if we exclude Russia, which is scarcely a machine-using country, of three hundred millions; while the hand-labor countries contain one thousand million people. The depression in the former has been general and synchronous, so that this universal result must have a universal cause. In a speech which I delivered at Liverpool some years ago, I formulated this cause in the following words: "That the world has not yet accommodated itself to the wonderful changes which science has produced in the modes of production and in the exchanges of commerce." Since that time many writers on political economy have independently arrived at the same conclusion. Among foreign writers may be mentioned Dr. Arthur von Studnitz, of Dresden; Piermez, of Brussels; Jules Duckerts, of Verviers; Emil de Laveleye and Trasnster, of Liège; Annecke and Engel, of Berlin. In the United States, Carroll Wright, the commissioner of labor, David Wells, and Atkinson have written admirable treatises supporting this view as the cause of the long depression. It is important that the reason for this conclusion should be clearly stated, because, if it be true, all partial remedies, such as protection, fair trade, bimetalism, and the like, can only have local effects, which may benefit or injure particular

* The marked depressions in the United Kingdom have been in 1803, 1810, 1815, 1818, 1826, 1830, 1837, 1847, 1857, 1866, 1873, 1883.

countries, but can do little to mitigate the universal depression. All the great countries have had commissions or committees of their legislatures to inquire into the causes of the general depression, but, as the inquiries have been confined to their own countries, none of them have taken a sufficiently broad view of a universal cause. The committee of Congress in the United States has taken evidence upon 286 causes for the depression, and points to the same number of remedies. Our own voluminous inquiry in this country produced a majority and minority report, the first being practically that things had better be left to themselves, and the second that fair trade (which is nothing but protection in a domino) is to be our salvation. My object in the present article is to contend that there are only two causes of the universal depression, viz :—

1. That the improvements in machinery, by new inventions, have produced great changes in the quickness and economy of distribution of commodities, and have profoundly altered the whole system of commerce.

2. That the improvements of machinery used in production have increased the supply of commodities beyond the immediate demands of the world, and have too rapidly displaced the old forms of labor.

At the end of last century and in the early part of the present one there were severe depressions caused by the rapid application of machinery to industrial employments after Watt's improvement in the steam engine. The sufferings of the hand laborers were severe, and labor riots, in which mills were burned and machinery destroyed, showed the acute conflict then existing between manual labor and mechanical power. Our late depressions have been altogether of a different kind. Labor has suffered much less than capital, for, on the whole, there has been a general tendency to increase wages. The general increase between 1850 and 1883 is 39.18 per cent. In the United States, a land of protection, the increase is 28.36 per cent. between 1860–1883. Even when they have not increased, the large fall in the prices of the necessities of life has been equivalent to an increase in wages. But during the whole of the depression there has been a downward competition in prices of commodities, so that the margin of profit to the capitalist is now exceedingly narrow. This fall in prices has been nearly universal, though not equal in all countries. The order of the descent is France, Germany, Great Britain, and the United States, the two last countries being at the bottom of the inclined plane. The fall in prices of food stuffs has profoundly affected the agricultural industry of this country, though at the same time it has given cheap food to the people. As our largest importations of food are from America, I give in a foot-note* the reductions in price. The reductions in the prices of food stuffs are far too great to have any important connection with the slight appreciation of gold or the larger depreciation in silver. Countries with a protective fiscal system feel the latter less than England, because they have few direct dealings with silver-using nations. The volume of trade with hand-labor countries is immense, but their credits are small, and their banking systems are limited. The raw materials which they grow—such as tea, coffee, sugar, rice, hemp, wool, cotton, spices, indigo, and dyed-wood—are shut out or hampered by duties in protected countries, so this produce naturally gravitates to England as a land of free ports.

During the continuance of the long depression, both wages and the

* The following are the percentage reductions of prices in the United States between 1881 and 1886: Mess pork, 48½; lard, 46; hams, 24½; oats, 39¼; Indian corn, 43; butter, 47; tallow, 41; flour, 34½; cattle, 18½.

prices of commodities have declined from the high level on which they stood during the few prosperous years preceding 1873. This is true of all countries, but if we contrast the relative position of England and the United States—that is, of two nations under completely opposite fiscal systems—it is found that wages fell more in the latter than in the former. In the United States, between 1873-78, wages of unskilled labor fell from 37 to 50 per cent., and in the case of skilled artisans to a greater extent. In England wages decreased in various trades. Some of them, as among iron-workers, in 1874, to about 35 per cent. Among miners and ship-builders there was considerable reduction. In the cotton industry, 1877-79, wages fell 20 per cent., advancing 10 per cent. in the two following years. On the whole of the industries of this country, wages are believed to have risen 9.74 per cent. between 1872-1883, and to have fallen in the United States 5.41 per cent. Thus England suffered considerably less than the United States. The demand for labor in the latter country contracted so much that the immigrants, who had numbered 400,000 annually, in the six years ending 1873, dwindled to 138,000 in 1878. In 1877 half the coal miners and iron workers in the United States being out of work, labor riots became serious. In 1885 depression in the United States was so general that 1,000,000 laborers were out of employment. At such times discontent exists and strikes arise; in 1886 there were 350 strikes, involving 450,000 workmen. If such events happen in America, with its protectionist policy, there is little ground for the contention of fair-traders that free trade is the cause of depression in England.

But the bi-metalists bring forward their own pet theory of the appreciation of gold and the depreciation of silver, and deem that to be a sufficient explanation of depression. There might be something in this theory if the great transactions of commerce were paid for in bullion. But that merely settles the balance of exchange, for exchanges are conducted by an interchange of commodities. If the depreciation of silver had been the cause of the depression of England, which certainly has the largest traffic with silver-using countries, it ought to have been specially severe in 1873-4; for in these years Germany adopted a gold standard, contracting by extensive sales her silver coinage, while France at the same time ceased to coin silver money. By 1875 English industry ought to have been crushed by these changes, but the truth is that then and ever since both gold and silver have been in excess of the demand. Before dealing with what I believe to be the true cause of the depression, it is desirable to consider the general features which have given a common character to the depressions in all parts of Europe. The common features have been the same in all countries—first, that though prices of commodities have been largely reduced, the volume of productions and the business of commerce have not been lessened in anything like the same proportion; second, that though wages have fallen, they have not declined at all in proportion to the fall in prices; and third, that the margin of profit to the capitalist has been very small. Capital, then, during this long-continued depression, has suffered more than labor. For some time past, capital, when applied to staple commodities, is glad to be content with about 10 per cent. of the cost of conversion of raw material into a useful product, while labor gets 90 per cent. Of the 10 per cent. which goes to the capitalist, only from 5 to 6 can be put to profit, the rest going to the wear and tear of plant and machinery. There is at present a want of harmony between capital and labor, which tends to continue the depression. Sometimes workingmen, not content with the shorter hours of labor in this country, put arbitrary

limits to output and to the mode in which the workers shall be employed. Such restrictions to production, lessening the very narrow margin of profit that prevails, have stopped some works and threaten to drive others from this country to foreign parts. A better education of masters and men, which I contend for later, will show that the interests of capital and labor are not antagonistic, but identical.

Having dealt with these preliminary subjects, I now turn to the discussion of the two immediate causes which have led to the universal depression in all machine-using countries for fifteen years. The first of these I have stated to be the changes produced by science in the economy of distribution, and the consequent and profound alterations which have followed in the commerce of the world. In 1869 the Suez Canal was opened, the result being that the old route round the Cape of Good Hope was in a few years abandoned for the shorter and more economical route to the East. On the old route, sailing-ships were chiefly used, and they occupied from six to eight months in the round passage, while now the time is shortened to thirty days. By the substitution of iron steamers carrying the commerce of the western hemisphere through the Suez Canal, a tonnage estimated at two millions of tons was practically destroyed, and vast arrangements in commercial industry were displaced. In the old system of long voyages, large storehouses of goods had to be provided for the shipping interests, not only in foreign ports, but also in England, which became the center of warehousing, banking, and exchange. All this was altered by the mighty power of electricity. The electric telegraph had indeed been invented in 1837, but it required many new discoveries in science to adapt electricity to the growing wants of the world. All these have been made in recent times. The three discoverers who have revolutionized commerce—Oersted, of Copenhagen, Faraday and Wheatstone, of London—lived in my own day, and indeed were my personal friends. The applications of their discoveries to the various purposes of electricity—the telegraph, telephone, and electric lighting—have created new labor, but have at the same time displaced a great amount of other labor. In the United Kingdom upwards of 42,000 persons are engaged in work depending upon electricity, while probably throughout the world more than 300,000 persons win their subsistence by the recent applications of this science. The amount of labor which it has displaced cannot be calculated. The whole method of effecting exchanges has been altered, because communication with other countries is now immediate; the consumer and producer in opposite parts of the globe making their bargains in a single hour, without the intervention of mercantile agencies or the large warehouse system which former methods of commerce required. The Suez Canal and improved telegraphy made great demands for quick and economical distribution of material. Numerous steamers were built between 1870-3 for this purpose, but so rapid were the improvements that they were nearly all displaced two years afterward (1875-6), and sold at half their cost. Iron has been largely substituted by steel, both on land and at sea, Bessemer's invention having destroyed wealth; but, like the phoenix, new wealth has arisen from its ashes. A ship which in 1883 cost £24,000 can now be built for £14,000. The economy of fuel has also been very great. Shortly before the opening of the Suez Canal, the best steamers crossing the Atlantic expended 200 tons of coal to carry an amount of cargo which can now be driven across for 35 tons. The discovery of Dr. Joule as to the mechanical equivalent of heat stimulated builders, like Elder and others, to apply the compound engine to steamers. This has produced enormous economy of fuel. In

1850 the fine steamer *Persia* carried over cargo at an expenditure of 14,500 lbs. of coal to a ton; now a modern steamer does the same work by burning three or four hundred pounds. The effect of this economy on haulage by land and transit by sea is immense. In an experiment lately made on the London and Northwestern Railway, a compound locomotive dragged a ton of goods for one mile by the combustion of two ounces of coal. In ocean navigation there is a much larger economy. A cube of coal which passes through a ring the size of a shilling will drive one ton of cargo for two miles in our most improved steamers. The cost of transit of a ton of wheat from Calcutta to England was 71s. 3d. in 1881 and 27s. in 1885. The haulage of a thousand miles, from Chicago to New York, brings a whole year's supply of food for a man at a cost of a single day's wage. A ton is hauled for less than a farthing per mile.* The transport of food has thus told heavily upon the agriculture of all countries, because it has made one market—the world—and has largely destroyed the advantages of national and local markets. I have dealt with the effects of this lowering of prices upon the condition of agriculture, in a speech recently published, so I now limit my remarks to manufacturing industry. The lowering of prices, consequent upon the more ready and economical distribution of commodities both by land and sea, has necessarily had an important effect upon manufacturing production as well as upon commerce. The old factors which ruled production were the value of the raw material and the representative value in money of the labor, skilled and unskilled, used and directed by capital to convert the crude material into a finished product. These factors still rule production, but their relative values have rapidly changed in recent times. The raw material can be distributed everywhere at low charges. England has lost its great advantages in the possession of coal and iron—the first the source of power, the second the material for strength. The value of raw material in industry is now the lowest factor of production, while the value of intellect in converting it into a utility, in the cheapest and best way, is the highest and dominating factor in manufactures.

I now pass to the consideration of the second cause of depression, as that has much more influence on manufactures than the changes in distribution. This cause is, that modern inventions have produced commodities faster than the world could absorb them at remunerative prices, and in doing so have displaced old forms of labor with too great rapidity for its absorption by replacement. This may be best illustrated by a few special examples. As chemistry is the only science which I profess, I begin with some examples of chemical industries. One of the most staple and apparently permanent dye-stuffs, used in dyeing and calico printing, was the root called madder. It was grown as extensive crops in various countries of the world—Turkey, Holland, Belgium, France and Italy—and gave employment to a large number of cultivators. Commerce was startled one day to learn that chemists had made the coloring principle of madder, called alizarin, out of coal tar, and in a short time a great change took place in agriculture, commerce, and dyeing. Madder is still used for some purposes, as in the dyeing of Turkey red, but its importation has decreased from 28¼ million pounds'

* The fall in the prices of ocean transit from New York to Liverpool has been as follows:—

	1880.	1886
Grain, per bushel	9½d.	1d.
Flour, per ton	25s.	7s. 6d.
Cheese	50s.	15s.
Cotton, per pound	½d.	7-6½d.
Bacon and lard, per ton	45s.	7s. 6d.

weight, in 1872, to about two million in 1887. The value of the latter in money was only £24,000, while that of the import of alizarin made from coal tar already exceeds ten times that amount, although it is also manufactured in this country. It occasionally happens that a new invention produces large industrial results without much displacement of labor. We see an instance of this in lucifer matches, an invention altogether new since 1836, before which time lights could only be got by the tinder-box. The mere saving of time to the population of this country, by the modern matches, amounts to twenty-six millions sterling annually, while the only displacement of labor was to the makers of tinder-boxes.

Among the recent chemical industries which have most affected the comforts of the poorer classes, is the invention of artificial petroleum and its derivatives. Natural petroleum has been known from very early periods of history, though it has not been used extensively till recent years. Its revival occurred in the following way. In the year 1846 I noticed, in the property of a relative in Derbyshire, a spring of petroleum, and suggested to my friend, Mr. James Young, that he should manufacture it into an illuminant for the poorer classes. This he did successfully, but after a time found that he could make it more cheaply by distilling it from bituminous schist. This industry was so successful that it led to the industrial application of the natural oil in America and the Caspian Sea. The industries connected with sperm and vegetable oils were seriously affected, and labor was largely displaced. One cold day Mr. Young brought me some of the artificial petroleum, which was turbid from floating crystals, to ask what they could be. I told him that they must be the substance called paraffin, of which only small specimens existed in chemical museums. At my request he separated them, and made for me, at a cost of about twenty shillings, two candles, with which I lighted my desk at a lecture in the Royal Institution, when I prophesied that these would be the fathers of a great candle industry, which, in fact, now is one of the largest chemical manufactures of the world. But the paraffin candles gave a heavy blow to the old industries of making candles from tallow, palm oil, sperm and wax, and displaced labor to a great extent.

Let me pass from these chemical industries to a staple manufacture like cotton, and observe the effect of inventions on production. A farmer growing cotton produces about 400 lbs. per acre, or as much as will produce one bale. Before Whitney invented his cotton-gin, the seed had to be separated from the fiber by manual labor, but the work was so tedious that it took one man about ninety days to prepare the produce of an acre. The first form of the gin reduced the time to six days. In recent years this gin has been greatly improved, so that one man can now pick 4,000 lbs. daily instead of the old amount of $4\frac{1}{2}$ lbs.; in other words, one man with a machine displaced the labor of 999 workers by hand. The cotton thus picked and cleaned is spun into threads by rotatory spindles. They used to be worked by manual labor, one man to each spindle, but now one man and two children will work machines carrying two to three thousand spindles. In 1874, at the beginning of the depression, each spindle made 4,000 revolutions; now it is possible to get 10,000 revolutions. The yarn is then woven into cloth. With the old hand-loom a man could make from 42 to 48 yards daily. At present a skilled workman can tend six power-looms and weave 1,500 yards. All these changes tend to over-production, especially when the margin of profit is low. I believe at recent prices this is only about one penny for six yards of shirting, so a vast number

of yards are required to make a substantial profit to a mill. The demand of a workingman for cotton fabrics is, upon an average, 40 yards yearly. This demand is determined by his habit of wearing one shirt for a week, and it is difficult to induce him, in order to augment the demand, to wear one daily; or, if he did, to persuade his wife to wash seven shirts weekly. Cheapness of a commodity tends to increase demand, but it does not all at once alter the habits of classes. Supply must be adjusted to the ordinary comforts of the consumers. There is always a growing increment of demand, for, even in the United Kingdom, not far from a thousand souls, provided with bodies which must be fed and clothed, are daily added to the population. The increase of the whole world during the fifteen years of depression has been about 16 per cent. in population, while the increase in the production of cotton has been 86 per cent. It is not surprising that a surplus like this thrown upon the markets of the world reduces prices.—*Sir Lyon Playfair, in Contemporary Review.*

[TO BE CONCLUDED IN THE SEPTEMBER NUMBER.]

The reports of the New York Clearing-house returns compare as follows :

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
July. 7..	\$380,476,700	\$90,979,700	\$36,814,800	\$413,910,800	\$7,711,300	\$24,316,800
" 14..	379,406,500	93,694,200	38,598,700	418,234,000	7,734,700	27,734,400
" 21..	379,630,500	91,475,400	38,744,300	415,117,200	7,652,200	26,440,400
" 28..	379,488,600	91,113,200	39,230,400	412,909,700	7,565,200	27,116,175

The Boston bank statement is as follows :

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
July. 7.....	\$147,335,300	\$9,797,300	\$3,064,300	\$117,811,700	\$6,167,500
" 14.....	146,895,200	9,907,100	3,279,200	117,457,600	6,168,000
" 21.....	146,177,300	10,287,000	3,697,800	118,416,900	6,181,100
" 28.	146,892,700	10,355,300	3,768,000	116,833,100	6,186,000

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1888.	Loans.	Reserves.	Deposits.	Circulation.
July. 7.....	\$92,720,000	\$30,995,200	\$97,972,000	\$2,720,850
" 14.....	92,865,200	30,657,600	97,978,200	2,720,850
" 21.....	92,930,144	31,765,151	98,920,319	2,715,700
" 28.....	93,549,187	30,940,300	98,414,300	2,726,900

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows :

QUOTATIONS :	July 2.	July 9.	July 16.	July 23.	July 30.
Discounts	5 @ 6½	5 @ 6½	5 @ 6½	5½ @ 6½	5 @ 6½
Call Loans.....	2 @ 1½	1½ @ 1	1½ @ 1	1½ @ 1	1½ @ 1
Treasury balances, coin..	\$147,531,130	\$152,464,211	157,150,198	\$157,749,706	\$158,234,861
Do. do. currency.	17,943,955	17,861,806	18,586,198	19,366,958	19,870,664

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

 AUTHORITY OF BANK OFFICER. LIABILITY OF BANK FOR FRAUDULENT ACTS OF CASHIER.

Is a bank not bound by the acts of its officers, performed within the scope of their powers, where the documents issued are in the hands of an innocent party, no matter if the acts are a fraud upon the bank?

A letter of advice, reading as follows:

"Tenth National Bank,

"Capital, \$1,000,000,

"Surplus, \$600,000.

"SAN FRANCISCO, CAL., Jan. 10, 1888.

"To the National Bank of the Republic, Chicago, Ill.

"Gentlemen:

"Mess. John Jones & Co. have deposited Fifty Thousand (\$50,000) Dollars to your credit for the use of Adam Smith & Co.

"Respectfully yours,

"J. W. SIMPSON, Asst. Cashier."

The Tenth National Bank is a correspondent of the National Bank of the Republic, and the latter, acting in good faith on the advice, paid the money to Adam Smith & Co., its customer. It turns out that the Tenth National Bank never received any value for the letter, but its cashier issued it in fraud, to promote the interests of himself and others, and, the fraud being discovered, payment is refused by the San Francisco bank. Does this letter of advice, in the hands of the National Bank of the Republic, constitute a lawful claim against the Tenth National Bank?

Again, a party from Denver brings to Omaha a draft drawn by a Denver bank on its New York correspondent, payable to the order of an Omaha bank, which is the correspondent of the Denver bank, but the draft is for the use of another party in Omaha, who is the Omaha bank's customer. The latter delivers the draft to his bank, which passes it to his credit, and honors the customer's checks against it.

Now the Denver bank never received any consideration for the draft, its cashier being in a conspiracy with a Denver party to commit a fraud upon his bank, but both the Omaha bank and its customer are innocent parties and acted in good faith.

After the Omaha bank had cashed this draft, the fraud was discovered, and the Denver bank stopped payment in New York. Is the draft a lawful claim upon the Denver bank in the hands of the Omaha bank? It is a fact that drafts are frequently purchased by customers of a bank, payable to the order of the party or parties to whom they desire to remit. Now where drafts are drawn by one bank, payable to the order of another bank, or any other party, is the payee put on notice to know the consideration given for the draft? This is important to bankers.

REPLY.—I. "Any person who deals innocently with the agent or officer of a corporation within the scope of that agent's or officer's functions will be fully protected, and will have his contract enforced by the law. This rule accords so perfectly with law and justice that it has never been directly assaulted, save in one class of cases. These are where the agent, acting indeed within the general and ordinary scope of the agency, is yet in fact contravening some express order, or exceeding some special limitation of authority, imposed upon him in derogation of his natural and usual power. When such cases have arisen, corporations have sometimes sought to avoid responsibility by insisting that, since their agent had exceeded his powers, he had

not bound his principal. In such cases the simple question is, whether or not the third party dealing with the agent had a *right to suppose* that the agent was dealing within the scope of his authority. If the ordinary functions of an agent are well known, a secret limitation of those functions will not be allowed to invalidate his act done in excess of the secret limitation, but within the ordinary scope. The secret limitation can take effect only when notice is directly brought home to the third party. Any other rule would open wide the door to endless deceit and false dealing." . . . "The rule will hold good, even though the act is in fact fraudulent, provided the customer has no knowledge of the fraud, but is himself dealing *bona fide*, and believes the official to be dealing in the like good faith in the business of his principals." (Morse on Banking, 2d Ed., pp. 80-90.) The above quotation from Mr. Morse's work fully and clearly states the rules of law governing the subject matter of the inquiry.

2. It is impossible to doubt the liability of the Tenth National Bank in this case. In the first place, the writing of such a letter as that set out in the inquiry is within the scope of the ordinary powers and duties of a cashier, as known and recognized by the law. (See article on "The Duties and Liabilities of a Cashier," in our last July Number, p. 29.) And in the next place the letter itself is substantially a special letter of credit, issued by the Tenth National Bank to the National Bank of the Republic, in favor of Adam Smith & Co. It states that \$50,000 has been deposited in the one bank to the credit of the other for the use of Adam Smith & Co., and thereby authorizes the National Bank of the Republic to charge the Tenth National Bank in account with \$50,000, to credit the same to Adam Smith & Co., and to pay the amount so credited upon Adam Smith & Co.'s checks. The amount having been so paid by the National Bank of the Republic in good faith, and without knowledge of any fraud on the part of the officer who wrote the letter, there can be no question of the liability of the Tenth National Bank to make it good. Mr. Daniel, in his "Negotiable Instruments," Chap. LVI, upon letters of credit, quotes the definition of them given in "Bell's Commentaries on the Laws of Scotland," and approved by Judge Story, which is pertinent to the inquiry. "Letters of Credit, strictly speaking, are mandates, giving authority to pay money, or furnish goods, on the credit of the writer. . . . The debt which arises on such a letter in its simplest form, when complied with, is between the mandatory and mandant. . . . The payment of money by the person on whom the letter is granted raises a debt or goes into account between him and the writer of the letter."

The letter stated in the inquiry is plainly a letter of credit within the well-established definitions of that instrument, and the Tenth National Bank is as certainly bound to repay money paid out upon the faith of it, as it would be upon a certificate of deposit fraudulently issued by its cashier, which had come into the hands of a *bona fide* holder for value and without notice of the fraud.

3. The doubt, suggested in this inquiry, of the right of the Omaha bank to recover upon the draft against the Denver bank, because the latter bank received directly no consideration for it, is not well founded. The considera-

tion necessary in the law to make a promise binding is equally well proved by showing a detriment suffered by the promisee, as by showing a benefit received by the promisor; and a draft or bill of exchange is equally binding upon the drawer, whether it be given for money paid directly to him, or for money paid to another person at his request. It is a familiar rule that a draft or other negotiable instrument does not take effect as a contract, and become binding as such upon the party who issues it, until its delivery; and the draft in question, being made payable in terms to the Omaha bank, could not become a contract binding upon the Denver bank until its delivery to the Omaha bank. When it was so delivered by the latter's customer, and went into effect as a contract, the Omaha bank gave a consideration for it, by passing it to its customer's credit and honoring his checks; and the effect of the transaction was precisely the same as if the draft had been delivered directly to the Omaha bank by the cashier of the Denver bank, who issued it, with a request that it be cashed for the benefit of the customer of the Omaha bank. The customer of the Omaha bank was merely made the instrument by which the draft was to be delivered to that bank, to take effect as the binding contract of the Denver bank; and, as the Omaha bank, acting in good faith and without fraud, would have been justified, under the rules stated in the answer to the first inquiry, in dealing directly with the cashier of the Denver bank, and, upon the faith of his statements and directions, cashing the draft for the benefit of its customer, it was equally justified in cashing the draft when delivered by the customer himself, with the statement that it had been remitted for his use.

When a remittance is made of a draft payable directly to the order of the party to whom it is sent, the payee of the draft stands in substantially the same relation legally to the drawer, in respect to enforcing the latter's liability, as if the remitter had taken the draft to his own order and indorsed it. The draft itself, in the hands of the payee, imports a consideration; if the consideration is disputed, it will be enough for the payee to show that he gave a consideration to the party who delivered the draft to him, when it first became a binding contract; and the question of what consideration the drawer actually received is of no consequence. So that the result is the same as if the draft were in the hands of an indorsee for value, and without notice of any want of consideration between the original parties, against whom such want of consideration is no defense.

IDENTIFICATION OF PARTY PRESENTING CHECK.

A. gives B. his check payable to B.'s order for \$500 on the C. bank, who have ample funds of A. to pay the check. B. indorses it properly and presents it to the C. bank for payment. Can the C. bank compel B. to be identified before paying him the money? If the bank insist upon identification and will not pay, cannot B. protest the check for non-payment?

REPLY.—We understand this inquiry to present the question whether a refusal by a bank to pay a check unless the party presenting it offers reasonable evidence of his identity at the time of presentment, is such a refusal to pay as will justify the check-holder in treating the check as dishonored, and authorize him to proceed against the drawer. This is a ques-

tion which, so far as we know, has never been judicially decided, and we have seen no authority upon it. We can only offer our opinion, which is, that a bank has the right to require the check-holder to go forward and offer reasonable evidence of his identity, and that he cannot treat such a requirement as an absolute refusal to pay the check.

The check-holder has no right of action against the bank, and the duty of paying checks on presentation is between the bank and its depositor only. The bank is bound at its peril, as between itself and its depositor, to pay to the right party, and all the authorities agree that, in a case of doubt, it may take a reasonable time to satisfy itself as to the propriety of payment. How is it to so satisfy itself, in case the party presenting a check is unknown to the bank? It would certainly be impossible for bank officers, in a city like New York, to abandon their other duties and go in search of evidence as to the identity of parties; and, therefore, it is a reasonable requirement, on the part of the bank, to demand that the check-holder himself shall produce and offer some evidence beyond his mere statement, upon which it can act. This is the usual custom of banks throughout the country; and we think that in view of the well-established rules of law and the custom of bankers, every person, who consents to take a check, takes it subject, by implication from law and custom, to the liability of being required to furnish reasonable evidence of his identity when he presents it for payment. We say reasonable evidence, because, of course, the bank would have no right to require anything unreasonable in the matter; and we suppose that the question of reasonableness or unreasonableness in this regard would be a question for a jury to determine under the circumstances of each particular case. We think, however, that in the case stated in the inquiry, B. has no right to go to the bank and present the check, representing himself to be the payee, and, if inquired of as to his identity, refuse to furnish the bank with any evidence of it beyond his own statement, and upon a refusal to pay, solely for want of such evidence, to protest the check as dishonored.

SIGHT DRAFT DRAWN ON BANK.

Sec. 1,680, chap. 78, Revised Statutes of Wisconsin, provides that "On all bills of exchange payable at sight, or at a future day certain, within this State, and all negotiable promissory notes, orders, and drafts payable at a future day certain within this State, in which there is not an express stipulation to the contrary, grace shall be allowed in like manner as it is allowed by the custom of merchants," etc.

A. draws his check upon a bank payable "at sight." Can the bank safely pay such check upon presentation, or accept it? If paid when sighted (presented), cannot A. draw his balance before the sight check falls due, and, if so, how can the bank safely accept the sight check?

Unlike the usual bank check, which can be certified and charged up to the drawer, has the bank the right to accept a sight draft and charge the acceptance before due and payable?

The writer claims that the only safe way is to refuse acceptance, let it be protested for non-acceptance, and await day of grace to know whether the check will then be "good" or not.

REPLY.—A check must, by the definition of that instrument, be payable immediately; and a draft drawn in the form of a check, but payable "at sight," is not so payable, because, by the custom of merchants and the

statute of Wisconsin, it carries three days' grace. It is, therefore, not a check at all, but a sight draft, which the holder has a right to present, and which it is his duty to present for acceptance. A bank is not bound, in the absence of a special agreement with its depositor, to accept such a draft, but if it does so accept, it has the right to hold his deposit to cover the liability thus assumed (see *Bolles on Banks and their Depositors*, chaps. VII and XVIII, and cases cited), precisely as it would charge a certified check to his account at the time of certification. In that view it can be of no consequence to the depositor whether the bank pays the draft on presentation, or accepts and pays on the last day of grace; and we think the bank may do either, as it chooses, without fear that, in case it accepts, the customer's deposit may be withdrawn before the check becomes payable. It cannot be so withdrawn without the consent of the bank.

We think the course proposed by the inquirer, if the bank proposes to pay the draft at all, unnecessarily annoying to the drawer.

DAYS OF GRACE—WAIVER.

\$1,000.

PHILADELPHIA, March 3rd, 1888.

On Friday, July 6th, after date, we promise to pay to the order of Richard Roe & Brother, One Thousand Dollars, payable at the First National Bank, without defalcation, for value received.

JOHN DOE & Co.

Endorsed Richard Roe & Bro.

One of the manufacturing concerns of our city are in the habit of issuing their notes in the form above, and there is considerable diversity of opinion among the banks who receive them for collection as to whether or not they are entitled to days of grace, some contending that the designating of the day of the week in the note has the same force as using the word fixed. It would seem as though people who take the trouble months ahead to ascertain what particular day of the week a certain date falls on, must have a reason for so doing. Your views on this subject will be read with interest by a number of your subscribers.

REPLY.—Parsons says in *Notes and Bills*, Vol. I., p. 408, citing *Perkins v. Franklin Bank*, 21 Pick. 483: "The maker may stipulate that a note or bill shall be paid without grace. Such a stipulation may be in any form of words which convey the idea that the instrument is to be payable without grace, as by using the words, in the body or on the margin, 'without grace,' 'no grace,' 'free of grace,' or any other circumlocution which would indicate to the holder that it is payable on the day fixed. The words, however, to have the effect of cutting off the days of grace should fairly express the intent without ambiguity." The word "fixed" has been held to have this effect. *Durnford v. Patterson*, 7 Mart. (La.) 460.

It is well settled, however, that a note payable on a day certain named in it carries grace. (Byles on Bills, 7th Ed., by Sharswood.) And in the case of *Griffin v. Goff*, 12 Johnson's Reports, N. Y. 423, it was decided that a note payable on "the 1st day of December next" was entitled to grace.

It is quite clear from these authorities, that the note in question is entitled to grace. It cannot be said that the intent to cut off the days of grace is fairly expressed without ambiguity, and, therefore, the general rule must govern. The use of the word "Friday" adds nothing to the words, "July 6th," as they both merely point to the same day.

It may be surmised, from the fact that the note is dated March 3rd, and made payable July 6th, a period of four months and three days, that the makers possibly intended it as a four months' note, which, if issued in that form, would have been payable July 6th, and so that by the use of the words, "Friday, July 6th," a waiver of grace was intended. We think, however, that this intent, if it existed, is not expressed with sufficient clearness to take the case out of the general rule

BANKING AND FINANCIAL ITEMS.

NEW NATIONAL BANKS AUTHORIZED.—The Comptroller of the Currency has authorized the Midland National Bank of Kansas to commence business, with a capital of \$200,000; also, the First National Bank of Birdsboro, Pa., to begin business with a capital of \$50,000.

SUBJECTS TO BE CONSIDERED AT ANNUAL BANKERS' CONVENTION.—Members of the Executive Committee of the American Bankers' Association, whose attention was called to a recent report that Mr. Goschen, the famous British financier and Chancellor of the Exchequer, would be among the speakers at the next meeting of the association, expressed their surprise and disclaimed any information confirmatory of such a report. The annual meeting is not to be held until October, and plans have not been matured as to speakers or subjects. It is believed, however, that the sessions will be well attended and the proceedings of unusual interest. The future of the national banking system, the questions as to national bank legislation suggested by Comptroller Trenholm's codification of banking laws, the reconciliation of State laws, and a variety of other topics affecting the banks, will be considered from the legislative standpoint, while many questions of protection, uniform methods and co-operation, which come within the power of the banks themselves, will also command attention, as will the general financial issues and questions affecting the currency. Proposed amendments of the criminal code will come in for a full share of consideration. The near approach of a presidential election, in which financial and commercial questions are more or less involved, will lend unusual political significance to the meeting.—*Daily Commercial Bulletin*.

MERCHANTS BANK OF CANADA.—At the last annual meeting of this strong banking institution the president, Mr. Andrew Allan, said: The business of the bank has been well maintained, and in some respects shows a considerable increase. Both deposits and discounts are in excess of what they were a year ago. The increase in the business of the bank is partly owing to an accession of new customers at various points, and also to the largely increased requirements of our old customers, some of whom, having formerly been heavy depositors, have now become regular discounting customers. The year just passed has been one calling for more than usual vigilance on the part of the directors and the officers of the bank. The number of failures in the country has been considerably above the average. The directors, however, have reason to congratulate the stockholders that but few in the circle of the bank's customers have failed, none of such failures entailing heavy loss upon the bank. The exceptionally fine harvest in Manitoba has done much to bring about a needed improvement in the business of that province, and inspire hope and confidence in the future. The directors have watched the growth of the Northwest with much interest, and they trust that, with the development of through trade with China and Japan, and the growth of the ranching and coal mining industries, a steady course of prosperity awaits it. This can scarcely fail to re-act favorably, along with the opening of the new route to St. Paul and Minnesota, on the business of Montreal and other Canadian cities. The result of the year's business has been such as to enable the sum of \$220,000 to be added to

the "Rest" of the bank. The steady growth of this fund your directors conceive to be a matter of vital importance, affecting, as it does, the stability of the bank's position in the future, as well as its ability to make a larger distribution of profits with safety, when a desired consummation is reached. The "Rest" now amounts to nearly one-third of the capital. During the year a new and satisfactory arrangement of the guarantee fund has been made, and steps taken towards the formation of a pension fund for the officers of the bank.

RAPID INCREASE IN NATIONAL BANKS.—Few people outside of bankers are aware of the fact that within seven years the number of national banks has been increased by about 1,000. Of this number, four-fifths have been banks of \$100,000 capital or less, and one-half have been of \$50,000 capital. In 1881 only one-half of the 2,000 banks then in existence were of \$100,000 capital or less, while at the present time nearly two-thirds of the 3,000 banks in operation come within this class. These figures emphasize the extent to which new banks have been organized of small capital and for comparatively remote localities. They serve to show how thoroughly the national banking system has vindicated itself from the charge of "monopoly" or the service of the money centers at the expense of the country at large. It is evident that, if left free from unreasonable burdens and restrictions, the national banking system would extend by means of small banks to every locality, and to the service of the entire people. The figures given serve specially to emphasize the fact that in the revision of the banking laws, even on the most temporary basis, the first step should be to remove the obstacles to the organization of these small banks, by reducing the burden which they are required to assume in order to secure or to maintain their charters.

TREASURY BOND PURCHASES.—It is a singular coincidence that the Treasury bond purchases, although varying so widely and controlled by such varying influences, have continued to average almost exactly \$500,000 per day, nearly \$27,000,000 having been purchased in the first fifty-four days. This uniformity would seem to indicate that this rate of purchases may be maintained for some time to come.

THE FOREIGN PURCHASES OF BONDS AND TRADE BALANCE.—The steady absorption of American bonds by European investors is reflected by the fact that for the eleven months of the fiscal year just closed, while the trade balance proper was \$29,703,694 against the United States, the specie movement was \$31,036,961 in our favor. With the prospect of an increase in our export trade from this time out, there is apparently little danger of the resumption of specie export.

THE NORTHERN PACIFIC BOND SALES.—The syndicate which took the \$3,000,000 Northern Pacific third mortgage bonds has marketed all of them on the Continent at a very satisfactory price. The company still have on hand in the treasury \$4,000,000 of the bonds with which to pay off outstanding scrip and to pay for new equipment already ordered, so that the company is in a very easy financial condition.

POSTAL CHECKS.—Mr. John A. Harper of the Bank of Pittsburgh, referring to the proposed establishment of postal savings banks under control of the National Government, suggests that an equally good or better idea would be the making of a "check department" in connection with the postal service. In brief, the idea is for the Government to issue check books for various amounts, say from \$5 to \$5,000, to persons having occasion to remit small sums by mail frequently, charging a sufficient sum in excess of the amount represented by the check book to recoup the Government for the expense of printing and handling. The owner of the book could then fill out the checks, and they would pass current for their face value in every part of the country, and do away entirely with the present system of postal notes and postal money orders. They would serve another excellent purpose in doing away with the use of country bank checks, which are among the things that worry the life out of city bankers. The expense of their collection is also a considerable item in the account current of houses doing a large jobbing trade. That something like this plan is perfectly practicable has been demonstrated in Great Britain, where a syndicate of banks, having representatives in all the cities and towns of the kingdom, does a large business in furnishing checks good for their face anywhere. The national banks of this country might adopt it, but it would be more

useful if operated directly by the Post Office Department. The check books would be especially useful in remote parts of the country, where there are few, if any, banking facilities, as well as among city people who are required to make frequent remittances by mail.—*Pittsburgh Chronicle Telegraph*.

THE PANAMA CANAL LOAN.—A dispatch from Paris says: "The *Temps* states that M. de Lesseps convoked the members of the Panama Canal Board to-day in order to submit to them resolutions relating to the issue of the lottery bonds. The exact amount of the subscriptions has not yet been announced. It is known that about 356,000 small subscribers have applied for 800,000 bonds. The whole issue consists of 2,000,000 bonds, each of the nominal value of £16, and issued at £14 8s., the total amount of the loan being £28,000,000. The intervention of large subscribers and old financial friends of the company is held to justify the total issue of bonds, the company fulfilling the conditions by effecting the payment of the first installments due and the immediate lodgment of a deposit in rentes as a guaranty for the payment of the entire loan. Panama Canal shares closed $4\frac{1}{2}$ f. higher on this news." The *Standard* contends that even if the recent statement that 1,300,000 bonds had been taken was correct the loan is a failure. It would give the company possession of £19,000,000, but this sum would melt like snow under the tremendous expenses of the works, combined with the dead weight of the interest, now exceeding £4,000,000 yearly. A year hence it would be a company with a capital and debts amounting to £90,000,000, with no available assets.

MISSOURI.—Mr. George Wilson, president of the Lafayette County bank, at Lexington, Mo., who has recently been on a visit to Texas county, is the author of several books and numerous newspapers articles on national financial questions. His last proposition is for Congress to change the present silver law so as to have the silver dollars coined to the extent of two to four millions per month for the miners and other owners of the bullion, instead of the Government coining for its own account. The owners would take the silver dollars away from the mints and put them into circulation, whereas the Government piles them up in the Treasury vaults to lie idle. If more than the legal limit is offered for the coinage it would be coined *pro rata* among all offering. This is an interesting matter and well worthy of consideration.—*Houston (Mo.) Herald*.

FIFTY-FIVE MILLION DOLLARS INCREASE IN CIRCULATING MEDIUM.—The statement recently issued by the Treasury Department, of the amount of money in circulation on July 1st, affords a basis of comparison with the amount in circulation in the United States one year ago, and shows an expansion of \$55,000,000 for the fiscal year. The table given below, of the actual money circulation of the country on the two dates named, exclusive of amounts held by the Treasury, is accurate so far as it is within the power of the Treasury Department to ascertain the actual facts.

	July 1, 1888.	July 1, 1887.
Gold coin.....	\$392,066,854	\$376,758,607
U. S. notes.....	308,697,812	326,667,219
National bank notes.....	245,314,100	276,855,203
Silver certificates.....	200,387,376	142,118,017
Gold certificates.....	119,887,370	91,225,437
Standard silver dollars.....	55,829,303	55,504,310
Subsidiary silver.....	50,445,053	48,697,259
Total.....	\$1,372,627,868	\$1,317,826,052

This table shows what changes have occurred during the year. Of the coin issues, gold has increased by more than \$15,000,000, and silver, standard, dollars and fractional, has increased by \$3,000,000. Of the paper issues, United States notes have decreased by \$18,000,000, and national bank notes by \$31,500,000; while silver certificates have increased by \$58,000,000 and gold certificates by \$28,500,000. Thus the coin circulation of all kinds has been expanded by \$18,000,000 and the note circulation by \$37,000,000. These figures are contrary to general belief, but are conclusive in showing that the result of Treasury operations during the year has been not only to greatly increase the Treasury holdings, but also to expand the circulation by \$18,000,000 of coin and twice that amount of notes, or a total of \$55,000,000.

THE appearance of numerous \$5 and \$1 counterfeit silver certificates during the month of July has caused a good deal of talk in the daily papers. But they have been detected apparently before many of them had been passed, as few have got into circulation compared with the arrests made.

REDEMPTION OF NORTHERN PACIFIC BONDS.—The Northern Pacific begins the year by drawing for redemption \$154,000 Pend' Oreille 51,000 for the sinking fund. The company has, however, the right to issue an equal amount of new first mortgage bonds against bonds redeemed.

BANK OF CALIFORNIA LOANS.—The statement of the Bank of California shows out of \$14,000,000 assets loaned to the amount of over \$6,000,000 on personal security.

A NEW BANK PRESIDENT.—William H. Albro has been elected vice-president of the New York National Exchange Bank, in place of David D. Acker, deceased.

RESULTS OF SILVER COINAGE.—The latest report of the Director of the United States Mint confirms the earlier unofficial estimates of the increasing silver and decreasing gold production, and its statements of production, consumption, and coinage throughout the world, all tend to show that the available gold supply is becoming more and more inadequate, while the difficulty of maintaining a silver circulation on a par with gold is constantly increasing. Under existing circumstances, the unprecedented rapidity with which this Government is expanding the silver circulation and Treasury accumulations is exposing us to serious dangers. While our silver circulation and hoards in the Treasury vaults are expanding, the means of maintaining the value of our silver coin are steadily decreasing, and the aid of other nations is being more and more effectually withdrawn.

THE MANAGERS OF THE WRECKED SAVINGS BANK OF NEW BRUNSWICK CLOSE ITS AFFAIRS.—The managers of the defunct Dime Savings Bank of New Brunswick, New Jersey, which was wrecked by Arthur Ogilby, who is now serving a four-year sentence in State prison for his offense, held a meeting recently and decided to pay a 5 per cent. dividend to close the affairs of the bank. No loss has been sustained by the assets, and the cost of settlement was only \$2,600. The deposits were \$166,000, and \$94,000 was realized. It is believed that another 5 per cent. will be given the depositors by voluntary subscription, but nothing definite will be known for the present.

THE PROVIDENCE BANK, which was robbed by Pitcher, has been more fortunate than the average victimized bank, in getting back the bulk of their stolen funds and securities. This, too, in the face of greater forethought and precaution on the part of the absconding employe of the bank, in sending those securities to Europe to an assumed name, while he fled to Canada, under the belief that they would be safer, under existing laws on the other side of the water, while he would be safe over the line in Canada, where he could the more easily conduct negotiations for a compromise. Thanks to the unusual activity and judgment as well as boldness of the bank officials in this case, the defaulter seems to have been mistaken in both points of his belief, which do not appear to have been well taken by him or his legal or other advisers, in case he consulted them. If he should now be extradited by Canada, as well as the stolen securities returned by England, it will make the bank defaulter's road a hard one to travel, instead of a pleasant and temporary trip abroad.

BOND PURCHASES AND THE SINKING FUND—VIEWS OF PROMINENT BANKERS.—The *Daily Commercial Bulletin* has the following on the effects of the Treasury bond purchases upon the Sinking Fund: Among prominent bankers in this city, Secretary Fairchild's failure to advance the price of bonds more rapidly is generally commended as wise and conservative. No necessity for large bond purchases is now perceived, and it is deemed advisable to make no unnecessary exertions for the present. It is confidently believed that when the pressure for money occurs in the fall the Secretary will not only anticipate interest on the public debt, but will also advance his price for bonds as rapidly as is necessary to secure purchases adequate to all demands for currency. It is thought that the prospect of securing considerable amounts of bonds by reasonable advances of price in the autumn is

rather increased than diminished by conservatism and slow and slight advances for the present. In this connection, the proposition that the Treasury Department should offer to buy the outstanding currency six per cents, as well as the four and four and a half per cents, has recently been revived and been favorably discussed. These securities, redeemable from 1895 to 1899, according to the different issues, are now quoted at from 119 to 129, and it is believed that considerable amounts could be secured at rates which would justify their purchase by the Government as a means of saving interest as well as paying out surplus. It is thought by some of the bankers here that the Secretary has been seriously considering the proposition to include these sixes when he issues a new circular calling for the sale of bonds for the Sinking Fund. He will presumably issue such a circular before long, as the bonds now being purchased from day to day cannot be devoted to the Sinking Fund, as they are specially excluded by the provision of law under which the purchases are being made.

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Sterling exchange has ranged during July at from 4.87 @ 4.88½ for bankers' sight, and 4.85 @ 4.87½ for 60 days. Paris—Francs, 5.20 @ 5.16½ for sight, and 5.22½ @ 5.18½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.85 @ 4.85½; bankers' sterling, sight, 4.87 @ 4.87½. Cable transfers, 4.87½ @ 4.88. Paris—Bankers', 60 days, 5.22½ @ 5.21½; sight, 5.20 @ 5.19½. Antwerp—Commercial, 60 days, 5.24½ @ 5.23½. Reichmarks (4)—bankers', 60 days, 95 @ 95½; sight, 95½ @ 95½. Guilders—bankers', 60 days, 40½ @ 40½; sight, 40½ @ 40½.

DEATHS.

GIFFORD.—On June 30, aged fifty-one years, PARDON A. GIFFORD, Cashier of First National Bank, and Treasurer of North Easton Savings Bank, North Easton, Mass.

GILBERT.—On July 2, aged eighty years, ADDISON GILBERT, President of City National Bank and Cape Ann Savings Bank, Gloucester, Mass.

HUDSON.—On July 30, aged seventy-four years, THOMAS D. HUDSON, President of Commercial Bank, and Vice-President of East Brooklyn Savings Bank, Brooklyn, N. Y.

HYDE.—On June 24, aged eighty-two years, WILLIAM HYDE, President of Ware National Bank, Ware, Mass.

LONG.—On May 28, aged seventy-nine years, ROBERT LONG, President of Commercial Bank, Millersburg, Ohio.

PECK.—On June 27, aged seventy-three years, IRA B. PECK, President of Woonsocket, National Bank, Woonsocket, R. I.

RICHARDSON.—On June 23, aged seventy-three years, GEORGE RICHARDSON, President of Farmers Bank, Wilmington, Del.

STEBBINS.—On June 21, aged seventy years, ISAAC STEBBINS, President of First National Bank, Chelsea, Mass.

WATERBURY.—On June 19, aged seventy-seven years, EZRA WATERBURY, President of National Hudson River Bank, Hudson, N. Y.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 77.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
COL.... Colorado Spr'gs	Exchange National Bank.	.....
\$100,000	D. Heron, <i>P.</i>	John J. La Mar, <i>Cas.</i>
CONV... Stafford Springs	First National Bank.....	.....
\$50,000		Wm. M. Corbin, <i>Cas.</i>
DAK.... Aberdeen	Union Banking Co.....	.....
\$5,000,000	A. Munger, <i>P.</i>	F. H. Hagerty, <i>Cas.</i>
	W. H. Paulhamus, <i>V. P.</i>	F. W. Rogers, <i>Ass't Cas.</i>
		Chas. A. Howard, <i>2d. Ass't Cas.</i>
• .. Frankfort.....	Bank of Frankfort.....	.....
\$75,000	F. C. Dennett, <i>P.</i>	E. J. Kaull, <i>Cas.</i>
	E. M. Wayne, <i>V. P.</i>	
• .. Milton.....	Bank of Milton.....	.....
	David H. Beecher, <i>P.</i>	Brynolf Prom, <i>Cas.</i>
	Sidney Clarke, <i>V. P.</i>	
FLA.... Stanton.....	Buffum Loan & Trust Co.	.....
\$100,000	F. C. Buffum, <i>P.</i>	Claudius E. Connor, <i>Cas.</i>
	Edward H. Buffum, <i>V. P.</i>	
GA.... Albany.....	Commercial Bank.....	National Park Bank.
\$50,000	Thomas M. Carter, <i>P.</i>	Leonard E. Welch, <i>Cas.</i>
• .. Dalton.....	First National Bank.....	.....
\$50,000	R. J. McCamy, <i>P.</i>	R. I. Peak, <i>Cas.</i>
IDAHO... Bellevue.....	Bank of Bellevue.....	Kountze Bros.
	W. B. Farr, <i>P.</i>	John H. Hague, <i>Cas.</i>
ILL.... Chicago.....	Walker & Wrenn.	Day & Heaton.
• .. Crescent City...	Crescent City Bank.....	.....
	Wm. M. Coney, <i>P.</i>	John L. Hamilton, Jr., <i>Cas.</i>
	John L. Hamilton, <i>V. P.</i>	Will. A. Coney, <i>Ass't Cas.</i>
• .. Kankakee.....	Citizens Bank.....	.....
\$50,000	R. G. Risser, <i>P.</i>	H. M. Stone, <i>Cas.</i>
IOWA... Herndon.....	Herndon Bank.....	Western National Bank.
\$10,000	David P. Oedfield, <i>P.</i>	Samuel J. Oedfield, <i>Cas.</i>
	H. C. Booth, <i>V. P.</i>	W. E. Grismer, <i>Ass't Cas.</i>
• .. Riverside.....	Riverside Savings Bank..	.....
	Wm. B. Ford, <i>P.</i>	Jesse Boyd, <i>Cas.</i>
	John Mantyer, <i>V. P.</i>	Daniel A. Fesler, <i>Ass't Cas.</i>
KAN... Bazine.....	Bank of Bazine.....	Merchants Exchange Nat. Bank.
\$10,000	N. C. Merrill, <i>P.</i>	Albert E. Parker, <i>Cas.</i>
	L. D. Harter, <i>V. P.</i>	
• .. Horton.....	Farmers & Mechanics B.	.....
\$20,000	Henry Bilharz, <i>P.</i>	Emil Bilharz, <i>Cas.</i>
• .. Ingalls.....	Bank of Ingalls.....	.....
	(Soule & Munsel)	J. W. Guynn, <i>Cas.</i>
• .. Leavenworth...	Manufacturers N. Bank.	Hanover National Bank.
\$150,000	J. C. Lysle, <i>P.</i>	W. B. Nickels, <i>Cas.</i>
	Geo. H. Hyde, <i>V. P.</i>	
• .. Liberal.....	Citizens Bank.....	Kountze Bros.
\$50,000	Wm. Grace, <i>P.</i>	J. S. Morse, <i>Cas.</i>
	J. S. Morse, <i>V. P.</i>	C. J. Miles, <i>Ass't Cas.</i>
• .. Quenemo.....	Quenemo Banking Co...	National Bank of Commerce.
\$25,000	John W. Bowman, <i>P.</i>	Lucien A. Payne, <i>Cas.</i>
• .. Topeka.....	Merchants Nat. Bank...	.....
\$100,000	C. K. Holliday, <i>P.</i>	Frank G. Willard, <i>Cas.</i>
	T. J. Kellam, <i>V. P.</i>	
KY.... Trenton.....	Bank of Trenton.....	.....
\$25,000	Wm. B. L. Cooke, <i>P.</i>	Felix G. Gilbert, <i>Cas.</i>
• .. Winchester.....	Winchester Trust Co....	.....
\$50,000	Geo. B. Nelson, <i>P.</i>	Frank H. Dudley, <i>Cas.</i>
	Isaac N. Cardwell, <i>V. P.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MICH...	Allen.....	Roethlisberger, F. A.	Fourth National Bank.
"	.. Lake Odessa.....	Lake Odessa Savings B'k. \$25,000 Humphrey R. Wagar, <i>P.</i> E. E. Wagar, <i>V. P.</i>	Chase National Bank. Wm. J. Percival, <i>Cas.</i>
"	.. Saginaw.....	Commercial Nat. Bank.. \$100,000 Daniel Hardin, <i>P.</i> Lyman W. Bliss, <i>V. P.</i>	National Bank of Republic. Melvin O. Robinson, <i>Cas.</i>
MINN...	Long Prairie....	Todd County Bank.....	Gilman, Son & Co.
"	.. Luverne.....	\$10,000 Security Bank..... \$25,000 Angus Ross, <i>P.</i> Ezra Rice, <i>V. P.</i>	National Bank of the Republic. Wm. H. Halbert, <i>Cas.</i>
MO....	Hannibal.....	Bank of Hannibal.....	First National Bank.
"	.. Mountain Grove.....	\$67,500 Spencer M. Carter, <i>P.</i> J. H. McVeigh, <i>V. P.</i>	Chas. S. Warner, <i>Cas.</i> J. C. Helm, <i>Ass't Cas.</i>
NEB....	Diller.....	Price Bro's. & Coleman.. \$10,000 J. C. Robertson, <i>P.</i>	Hanover National Bank. Joshua A. Chase, <i>Cas.</i>
"	.. Oxford.....	Price Bro's. & Coleman.. F. W. Price, <i>P.</i> A. H. Coleman, <i>V. P.</i>	Gilman, Son & Co. Thomas P. Price, <i>Cas.</i>
"	.. Oxford.....	Oxford State Bank.....	Kountze Bros.
"	.. Oxford.....	S. L. Burson, <i>P.</i> S. B. Person, <i>V. P.</i>	L. L. Searles, <i>Cas.</i>
N. Y....	Belmont.....	State Bank of Belmont.. \$25,000 Elmore A. Willets, <i>P.</i>	National Bank of Republic. Wm. J. Richardson, <i>Cas.</i>
"	.. Saugerties.....	Saugerties Bank.....	National Park Bank.
"	.. Saugerties.....	\$125,000 Wm. F. Russell, <i>P.</i> Albert Carwright, <i>V. P.</i>	Thos. B. Keeney, <i>Cas.</i>
OHIO...	Celina.....	Commercial Bank.....	United States National Bank.
"	.. McComb.....	Peoples Bank.....	Western National Bank.
"	.. McComb.....	Henry Wasson, <i>P.</i>	Joseph Wasson, <i>Cas.</i>
ORE....	Enterprise.....	Wallowa National Bank.....	.....
"	.. Enterprise.....	\$50,000 Robert M. Steel, <i>P.</i>	Wm. R. Holmes, <i>Cas.</i>
PA.....	Latrobe.....	Citizens National Bank.. \$50,000 John W. Hughes, <i>P.</i>	.....
"	.. Latrobe.....	D. W. McConaughy, <i>V. P.</i>	Joseph E. Barnett, <i>Cas.</i>
S. C....	Greenwood.....	Bank of Greenwood.....	.....
"	.. Greenwood.....	\$40,000 John K. Durst, <i>P.</i>	James W. Greene, <i>Cas.</i>
"	.. Greenwood.....	D. A. P. Jordan, <i>V. P.</i>	.....
TENN..	Waverly.....	Waverly B. & Trust Co.. \$15,000 Dorsey Cowen, <i>P.</i>	Hanover National Bank. Wm. H. Meadow, <i>Cas.</i>
"	.. Waverly.....	James N. Nolan, <i>V. P.</i>	R. T. Shannon, <i>Ass't Cas.</i>
TEXAS..	Corsicana.....	City National Bank.....	.....
"	.. La Grange.....	\$300,000 R. E. Prince, <i>P.</i>	.....
"	.. La Grange.....	First National Bank.....	S. M. Swenson & Sons.
"	.. La Grange.....	\$50,000 A. J. Rosenthal, <i>P.</i>	H. A. Gladdish, <i>Cas.</i>
"	.. Lockhart.....	A. T. Bradshaw, <i>V. P.</i>	.....
"	.. Lockhart.....	Burleson, James G. & Co.	National Park Bank.
"	.. Panhandle.....	\$35,000 Panhandle Bank.....	Merchants Exchange Nat. Bank.
"	.. Panhandle.....	\$10,000 Geo. C. Mastin, <i>P.</i> W. F. Buckett, <i>V. P.</i>	J. C. Paul, <i>Cas.</i>
WASH..	Seattle.....	Washington Sav. Bank.	Kountze Bros.
"	.. Spokane Falls..	Spokane Loan, Trust & { Savings Bank..... }	.....
"	.. Spokane Falls..	\$50,000 A. M. Cannon, <i>P.</i> Donald Ross, <i>V. P.</i>	Kenneth J. L. Ross, <i>Cas.</i>
W. VA..	Ronceverte.....	Bank of Ronceverte.....	.....
"	.. Ronceverte.....	\$40,000 Alex. F. Mathews, <i>P.</i> John W. Harris, <i>V. P.</i>	Z. Morton, <i>Cas.</i>
WIS....	St. Croix Falls..	Bank of St. Croix Falls..	Ninth National Bank.
"	.. St. Croix Falls..	\$15,000 Wm. J. Vincent, <i>P.</i> J. W. Perley, <i>V. P.</i>	Frank L. Olcott, <i>Cas.</i>
"	.. Sun Prairie.....	Bank of Sun Prairie.....	.....
"	.. Sun Prairie.....	(Jones & Meeker)	.....
ONT....	Kingston.....	Ontario Bank.....	Bank of N. Y. N. B. A.
"	.. Kingston.....	Thomas Y. Greet, <i>Mgr.</i>	.....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 78.)

	Bank and Place.	Elected.	In place of.
N. Y. CITY...	Chase National Bank.....	J. T. Mills, Jr., <i>Ass't Cas.</i>	.....
" ..	N. Y. Nat. Exchange Bank....	Wm. H. Albro, <i>V. P.</i>	David D. Acker.
CAL....	First National Bank,	John W. Davis, <i>P.</i>	John W. Roberts.
	Colton. {	Howard B. Smith, <i>Cas.</i>	John W. Davis.
		E. D. Roberts, <i>Ass't Cas.</i>	Howard B. Smith.
" ..	Fresno National Bank,	H. D. Colson, <i>P.</i>	J. H. Hamilton.
	Fresno. {	J. M. Cory, <i>V. P.</i>	H. D. Colson.
" ..	First Nat. Bank, Los Angeles..	John D. Bicknell, <i>V. P.</i>	J. F. Crank.
COL....	State National Bank, Denver...	John L. McNeil, <i>P.</i>	Chas. Hallack.
" ..	First Bank of Otis,	A. V. Pruyn, <i>Cas.</i>	John Denholm.
	Otis. {	P. S. M. Pruyn, <i>A. Cas.</i>	.....
CONN....	First National Bank, Putnam...	James W. Manning, <i>P.</i>	G. W. Phillips.
" ..	Willimantic S. B., Willimantic.	Frank F. Webb, <i>Treas.</i>	.....
DEL....	Farmers Bank, Wilmington...	Jos. L. Carpenter, Jr., <i>P.</i>	Geo. Richardson. *
GA.....	Atlanta National Bank,	P. Romare, <i>V. P.</i>	R. H. Richards.
	Atlanta. {	C. E. Currier, <i>Cas.</i>	P. Romare.
IDAHO..	Boise City N. Bank, Boise City.	Walter S. Bruce, <i>A. Cas.</i>	Joseph Perrault.
ILL....	First National Bank,	Lewis Monroe, <i>P.</i>	W. M. Chambers, Jr.
	Charleston. {	W. M. Chambers, Jr., <i>V. P.</i>	Lewis Monroe.
" ..	Continental National Bank,	John C. Black, <i>P.</i>	C. T. Wheeler.
	Chicago. {	J. R. Winterbotham, <i>V. P.</i>	John C. Black.
IND....	Second N. Bank, New Albany.	R. G. McCord, <i>V. P.</i>	I. P. Lyden.
" ..	Peoples Nat. Bank, Princeton..	W. P. Welborn, <i>Cas.</i>	.....
IOWA...	Exchange Bank, Angus.....	L. A. French, <i>Cas.</i>	.....
" ..	Clayton Co. Bank, Guttenberg.	W. E. Beddow, <i>Cas.</i>	Andrew J. Risinger.
" ..	Bank of Lewis,	W. J. Harris, <i>P.</i>	Hamilton Wilcox.
	Lewis. {	R. C. Kennedy, <i>Cas.</i>	John Pipher.
" ..	Guthrie Co. N. Bank, Panora..	G. M. Reynolds, <i>Cas.</i>	L. J. Pentecost.
KAN....	B. of West. Kan., Garden City.	Frederick Cole, <i>P.</i>	E. A. Bagby.
" ..	Gove County Bank,	M. S. Herring, <i>P.</i>	D. W. Heath.
	Gove. {	Geo. L. Kelner, <i>Cas.</i>	W. J. Lloyd.
" ..	Stanton Co. Bank, Johnson....	N. R. Lyon, <i>Cas.</i>	Geo. F. Quick.
" ..	Osawatomie Bank, Osawatomie.	F. R. Warfield, <i>Cas.</i>	L. A. Wheeler.
" ..	First National Bank,	D. H. Geer, <i>P.</i>	Wm. Blair.
	Russell. {	Chas. A. Wolcott, <i>Cas.</i>	E. C. Haskett.
" ..	Merchants Nat. Bank, Topeka..	C. K. Holliday, <i>P.</i>	.....
" ..	Wellington N. B., Wellington.	Peter B. Spears, <i>P.</i>	F. P. Neal.
" ..	Fourth National Bank,	F. W. Walley, Jr., <i>Cas.</i>	Geo. C. Strong.
	Wichita. {	Geo. C. Strong, <i>V. P.</i>	G. H. Blackwelder.
KY....	Marion Bank, Marion.....	H. H. Loving, <i>Cas.</i>	W. C. Carnahan.
" ..	B. of Commerce, New Orleans.	Wm. P. Nicholls, <i>P.</i>	Benj. S. Twichell.
LA.....	Augusta Nat. Bank, Augusta..	J. R. Gould, <i>Cas.</i>	W. B. Nickels.
ME.....	Richmond Sav. B., Richmond..	Ansel B. Gaubert, <i>Treas.</i>	Sam'l W. Jack.
MASS...	First National Bank,	Wm. R. Pearmain, <i>P.</i>	Isaac Stebbins. *
	Chelsea. {	Walter Whittlesey, <i>Cas.</i>	Wm. R. Pearmain.
" ..	Farmington N. B., Farmington.	James J. Valentine, <i>P.</i>	.....
" ..	Cape Ann Savings Bank,	Samuel W. Stacy, <i>P.</i>	Addison Gilbert. *
	Gloucester. {	John E. Somes, <i>V. P.</i>	.....
" ..	N. Brookfield S. B., N. Brookfield.	Chas. E. Jenks, <i>P.</i>	Sam'l S. Edmands.
" ..	First Nat. B., North Easton...	Edward H. Kennedy, <i>C.</i>	Pardon A. Gifford. *
" ..	Ware National Bank,	Wm. S. Hyde, <i>P.</i>	Wm. Hyde. *
	Ware. {	Wm. H. Cutler, <i>Cas.</i>	Wm. S. Hyde.
" ..	First N. Bank, West Newton..	W. R. Mitchell, <i>Cas.</i>	M. L. Parker.
" ..	Whitinsville N. B., Whitinsville.	A. A. Simmons, <i>A. Cas.</i>	.....
MICH...	First National Bank, Corunna..	J. D. Leland, <i>Cas.</i>	A. T. Nichols.
" ..	First Nat. Bank, Kalamazoo...	David W. Osborne, <i>Cas.</i>	F. A. Smith.
" ..	Kalamazoo S. B., Kalamazoo.	J. R. Williamson, <i>Cas.</i>	J. R. Monroe. *
" ..	Merchants Nat. B., Muskegon..	M. Wilson, <i>P.</i>	John Torrent.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MINN...	Chatfield Bank, Chatfield.....	A. L. Ober, <i>Cas.</i>.....	.....
"	First Nat. Bank, Northfield... F. J. Wilcox, <i>Ass't Cas.</i>.....	.....	.....
"	Bank of Ortonville, Ortonville.. Wm. Dawson, Jr., <i>P.</i>	Chas. E. Brooks.	
MO....	Central Nat. Bank, Springfield. J. D. Sheppard, <i>Cas.</i>	Ed. F. Newman.	
NEB ...	First National Bank, Arapahoe. W. J. Gregory, <i>Cas.</i>	Fred. Boehner.	
"	International Bank, Brewster.. P. C. Erickson, <i>Cas.</i>	Urene Harris.	
"	Nuckolls Co. Bank, { J. A. Devore, <i>P.</i>.....	.....
"	Nelson. { J. R. Halladay, <i>V. P.</i>.....	.....
"	Citizens National Bank, { Chas. P. Leigh, <i>Cas.</i>.....	.....
"	St. Paul. { A. A. Kendall, <i>V. P.</i>.....	.....
N. Y ...	First National Bank, Albany... Sidney W. Rowell, <i>Cas.</i> ...	James C. Cook.	
"	First National Bank, Aurora... E. W. Mosher, <i>Act'g Cas.</i>.....	.....
"	Nat. Hudson River Bank, { C. H. Evans, <i>P.</i>	Ezra Waterbury.*	
"	Hudson. { John E. Gillette, <i>V. P.</i>	C. H. Evans.	
"	Huguenot Nat. B., New Paltz. Jacob Deyo, <i>Cas.</i>.....	.....
OHIO...	Citizens S. & Loan Asso., Akron. H. C. Viele, <i>Treas.</i>	W. B. Raymond.*	
"	First National Bank, Bellevue. G. E. Pomeroy, <i>P.</i>	D. M. Harkness.	
"	Commercial Bank, Millersburg. John E. Koch, Jr., <i>P.</i>	Robert Long.*	
PA.	Monongahela N. B., Brownsville. W. A. Edmiston, <i>Cas.</i>	Wm. M. Ledwith.	
"	Du Bois Deposit Bank, { John McCreight, <i>P.</i>	Wm. McBryar.	
"	Du Bois. { M. I. McCreight, <i>Cas.</i>	W. C. Booard.	
"	Eldred Bank, Eldred,..... A. R. Sloan, <i>Cas.</i>	Pitt O. Heasley.	
"	First N. Bank, Hollidaysburg.. O. W. Gardner, <i>Cas.</i>	W. H. Gardner.	
"	Second Nat. Bank, Titusville.. W. C. Hyde, <i>2nd V. P.</i>.....	.....
R. I....	Pascoag National Bank, { James S. Cook, <i>V. P.</i>	James S. Cook.	
"	Pascoag. { P. O. Hawkins, <i>Cas.</i>.....	.....
"	National Hope Bank, Warren. C. R. Cutler, <i>V. P.</i>.....	.....
"	Woonsocket N. B., Woonsocket John W. Ellis, <i>P.</i>	Ira B. Peck.	
S. C....	Bank of Darlington, Darlington. L. E. Williamson, <i>Act. C.</i> H. L. Charles.		
TENN..	First Nat. Bank, Denison..... W. G. Meginnis, <i>V. P.</i> ...	W. M. Mick.	
"	Second National Bank, { W. T. Nelson, <i>P.</i>	John A. Pitts.	
"	Jackson. { Clifton Dancy, <i>V. P.</i>	W. T. Nelson.	
"	Second Nat. Bank, Lebanon... E. E. Beard, <i>P.</i>	S. R. Williams.	
TEXAS..	Milan Co. Bank, Cameron..... F. M. Crawford, <i>Cas.</i>	H. A. Gladdish.	
"	Hill Co. Nat. Bank, Hillsboro. J. A. La Bryer, <i>A. Cas.</i> ...	T. C. Phillips.	
"	Panhandle N. B., Wichita Falls. Herm. Specht, <i>V. P.</i>	O. P. Wood.	
VT.	Ottawquechee S. B., Woodstock. Chas. P. Chapman, <i>T.</i> ...	Geo. P. Chapman.	
VA.	Peoples Nat. B., Charlottesville. Benj. R. Pace, <i>P.</i>	R. T. W. Duke.	
"	City B. of Richmond, Richmond. Jas. W. Sinton, <i>Cas.</i>	John Ott.	
"	Nat. Valley Bank, Staunton... Henry A. Walker, <i>A. Cas.</i> ...	J. E. Rollins.	
WASH..	First National Bank, { Isaac Cathcart, <i>V. P.</i>.....	.....
"	Snohomish. { W. M. Snyder, <i>Cas.</i>	Victor H. Smith.	
Wis...	First Nat. Bank, Beaver Dam.. J. E. McClure, <i>Cas.</i>	J. H. Barrett.	
"	First National Bank, { H. A. Bright, <i>V. P.</i>.....	.....
"	Black River Falls. { F. H. Elmore, <i>Ass't Cas.</i>.....	.....

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Continued from July No., page 79.)

- ARK.... Little Rock Parker & Worthen, succeeded by W. B. Worthen & Co., same correspondents.
- DAK.... Milton Farmers & Merchants Bank (E. T. Jahr & Co.), succeeded by Bank of Milton.
- FLA.... Stanton..... Bank of Lake Weir (F. C. & E. H. Buffum), succeeded by Buffum Loan & Trust Co.
- KAN. .. Quenemo..... Quenemo Bank (Geo. W. & O. B. Chase), succeeded by Quenemo Banking Co.
- MINN.. Chatfield..... Chatfield Bank (S. M. Oustine), now Jones, Ober & Co., proprietors.
- .. Chatfield Root River Bank (J. C. Easton), now G. H. Haven, proprietor.
- MO..... Hannibal..... Commercial Bank, succeeded by Bank of Hannibal, same correspondents.
- NEB.... Diller..... Peoples Bank (G. I. Hodges), succeeded by Price Bros. & Coleman.
- .. Nelson..... Nuckolls County Bank has been incorporated.
- .. Omaha..... State National Bank has gone into voluntary liquidation.
- .. Oxford..... Peoples Bank, succeeded by Oxford State Bank.
- N. Y... Belmont..... Belmont Banking Co., succeeded by State Bank of Belmont.
- .. Saugerties..... Saugerties National Bank has gone into voluntary liquidation and succeeded by Saugerties Bank, same officers and correspondents.
- OHIO.... Celina..... Godfrey & Milligan, succeeded by Commercial Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from July No., page 79.)

- | | | | | |
|------|------------------------------|---------------------|---------------------|----------|
| 3906 | First National Bank..... | A. J. Rosenthal, | | |
| | La Grange, Texas. | | H. A. Gladdish, | \$50,000 |
| 3907 | First National Bank..... | R. J. McCamy, | | |
| | Dalton, Ga. | | R. I. Peak, | 50,000 |
| 3908 | Manufacturers Nat. Bank..... | J. C. Lysle, | | |
| | Leavenworth, Kan. | | W. B. Nickels, | 150,000 |
| 3909 | Merchants National Bank..... | T. J. Kellam, V. P. | | |
| | Topeka, Kan. | | Frank G. Willard, | 100,000 |
| 3910 | Citizens National Bank..... | John W. Hughes, | | |
| | Latrobe, Pa. | | Joseph E. Barnett, | 50,000 |
| 3911 | Commercial National Bank... | Daniel Hardin, | | |
| | Saginaw, Mich. | | Melvin O. Robinson, | 100,000 |
| 3912 | Wallowa National Bank..... | Rob't M. Steel, | | |
| | Enterprise, Ore. | | Wm. R. Holmes, | 50,000 |
| 3913 | Exchange National Bank..... | D. Heron, | | |
| | Colorado Springs, Col. | | John J. La Mar, | 100,000 |
| 3914 | First National Bank..... | | | |
| | Stafford Springs, Conn. | | Wm. M. Corbin, | 50,000 |
| 3915 | City National Bank..... | R. E. Prince, | | |
| | Corsicana, Texas. | | | 300,000 |

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JULY, 1888.

Openings, Highest, Lowest and Closing Prices of Stocks and Bonds in July.				
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.
GOVERNMENTS.				
Mar. { Quarterly	107 1/4	107 1/4	107 1/4	107 1/4
	107 1/4	107 1/4	107 1/4	107 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
Jan. { Quarterly	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
Feb. { Quarterly	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
Jan. { Quarterly	119	120	119	120
	120	121	120	121
	121	122	121	122
	122	123	122	123
July { Quarterly	124	125	124	125
	125	126	125	126
	126	127	126	127
	127	128	127	128
Aug. { Quarterly	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
	127 1/4	127 1/4	127 1/4	127 1/4
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
C. Coal & Iron.....	—	36 1/2	36 1/2	36 1/2
RAILROAD STOCKS.				
Open- ing.	High- est.	Low- est.	Clos- ing.	
Atlantic & Pacific.....	8 1/2	9	8	9
Buff. R. & P.	—	58 1/2	57	57 1/2
Canadian Pacific.....	—	53 1/2	53	53 1/2
Canada Southern.....	41	84 1/2	80 1/2	84
Central of N. J.	31 1/2	31 1/2	31 1/2	31 1/2
Central Pacific.....	13 1/2	11 1/2	11 1/2	11 1/2
Ches. & Ohio.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	11 1/2	11 1/2	11 1/2
Do.....	—	137	136	137
Chic. & Alton.....	—	137	136	137
Chic. Do.....	—	137	136	137
Chic. B. & Q.	112 1/2	117	111 1/2	116 1/2
Chic. M. & St. P.	64	111	102 1/2	111
Chic. Do.....	102 1/2	111	102 1/2	111
Chic. & N. W.	106	142	138	142
Chic. Do.....	102 1/2	142	138	142
Chic. R. I. & P.	102 1/2	142	138	142
Chic. St. L. & P.	102 1/2	142	138	142
Chic. St. P. M. & O.	33	35	32	34 1/2
Chic. St. P. M. & O.	34 1/2	36	34 1/2	36
C. & C. & I.	—	51 1/2	47	51 1/2
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THE
BANKER'S MAGAZINE
AND
Statistical Register.

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SEPTEMBER, 1888.

No. 3.

REASONABLE RATES ALIKE FOR THE PUBLIC AND
INVESTORS.

In commenting on Judge Brewer's decision, in favor of the railroads, and against the State Railroad Commissioners of Iowa, we said in the last number of the MAGAZINE that such a decision was to have been expected, as no constitutional law could have contemplated unreasonable rates, either to the public or investors. Those commissioners had been shown to have fixed the rates of freight, for the railroads of that State, at unreasonably low figures; such as would make it impossible to earn and pay a fair return for their money, to investors who had taken the original securities of these roads, upon the then existing laws, and furnished the means wherewith to build them, and open to the producers of that State the markets of the world.

The early laws upon the statute books of this and other new Western States were uniformly liberal, in the inducements they offered to capitalists of the East to provide the funds with which to open their undeveloped lands to settlement, and the means by which their products could find a market. These two paramount objects controlled the legislation of those States, when the charters of most of their railroads were granted, under which, either expressly or by implication, the owners of these railroads were guaranteed, not only the protection to their property, which all good citizens enjoyed, but additional privileges and rights. Since

then the opposite principle has obtained, in the legislation of the Granger States, until it is now as hostile as once it was friendly. In short, after the West had secured its railroads, all of which were built by Eastern or foreign capital, that invested not only in the securities of these roads, but also took all the town, county, municipal, and State bonds, issued as bonuses, to the builders of their highways, by most, if not all of the new States, they have proceeded to "take back" these vested rights and privileges, guaranteed by special charters and legislation, if not by the general laws and constitutions of those States, and, virtually, to confiscate even the ordinary property rights, secured alike to all citizens, or corporate bodies, created under their laws.

In other words, by practically retroactive legislation, they are now attempting, and succeeding in part, to annul those charters and violate those contracts, expressed or implied, under which only were they able to secure the money from the investing public, to build their great railway systems. This is one of the worst forms of repudiating debt this country has ever resorted to, and the most objectionable, from principle, as well as future interest to new enterprises. In reality, it places such States in the position of obtaining money under false representations. When their credit was poor, and they were unable to borrow on ordinary terms, most of them would have been compelled to wait until their country was settled and developed, before they could have induced any capitalists to put their money into these railroads. This would have kept the West back fifty years. Instead, however, the East built their railroads for them, in advance of settlement and development, and has waited for its return in the growth of new States, which the railway has absolutely created, one after another, with a rapidity unparalleled in the history of civilization. The "Great American Desert" of a quarter of a century ago, which would otherwise have been a desert still, has been transformed into "The Garden of America;" the unexplored wilds of the snowy and impenetrable Sierras have become rich and busy mining camps, and the commerce of the Atlantic and the Pacific Oceans has met and mingled, on the hitherto pathless summit of the Rocky Mountains, and all, by the magic influence of this greatest of modern civilizers, the railroad.

The West is, therefore, still under a debt to the railroads, which it has never paid, even when rates might have been properly called extortionate, and before they had been cut by parallel systems, until it is the investing public, or the owners of these railroads, who now need protection, either from the States that guaranteed it, or, failing in that, from the National Government, rather than their patrons. This, it is to be hoped, will be found in the Inter-

state law, if not in State constitutions and charters, under the common-sense and common-justice decision of Judge Brewer, that no road shall be compelled to accept an unreasonably low rate, any more than it shall be allowed to charge an unreasonably high one. It is a poor law, as well as rule, that will not work both ways. The Interstate law was created to protect the public from unreasonable charges or rates by the railroads. The public is the whole community—investors in railroad securities as well as patrons of the railroads. Protection for the public is, therefore, equal protection for investors, who are almost as numerous, and who have also suffered, in reduced interest, and dividends passed, as much, in the last five years, from the result of low rate wars, on divided traffic, as the patrons of these roads had endured by high rates in the previous five years, and before the paralleling of all the great systems had cut their rates in halves, or less.

That our State constitutions and laws, would all, if appealed to, sustain and protect the railroads in charging rates, alike reasonable to their investors and their patrons, can scarcely be doubted, upon the common-sense and common-justice or equity basis of common law. The only question would then be, as to what are reasonable rates, under the circumstances existing at the time these roads were built, and the changed conditions of to-day. Reasonable rates for the investor, would mean such as would, after paying the expenses of honest and able management, return a fair interest on their investment. Fair interest, in such cases, would take into consideration the original risk of the enterprise; the original cash or credit cost of the road, and the average rate of interest received thereon during the entire period of its existence, by its original projectors and their successors. What would be reasonable to the patrons of the road, should be ascertained in the same manner, subject to the changed conditions and reduced cost of production, transportation, and prices of their products. With them the railroads are special partners to a limited extent; and in their losses from bad crops or unprofitable prices they should share their special proportion; and, in return, receive an equal percentage over average rates when good crops or good prices make producers' profits above an average.

On the other hand, patrons of a road have a right to demand honest, prompt, and impartial management, as common carriers, and not as private corporations, and that they shall not be asked to pay interest or dividends upon "watered" stocks or bonds, of any of the roads or of their connections, over which their products are carried to market. But they should, at the same time, bear their proportion of the unnecessary cash cost of parallel lines, chartered,

and permitted by the States, in excess of the present, or near prospective, demands of the community. This permission is in the nature of a violation of the original agreement, expressed or implied, by which the State guaranteed its special or general protection to the roads first built. Such guarantee should have prevented the authorization of parallel lines in the territory of any existing road, as in Germany, until it has been demonstrated that there is, or soon will be, enough business in said territory to support all such roads, and pay fair returns on the actual cost of their construction and equipment. Any breach of this guarantee by the State should bind its citizens to the penalty of paying enough higher rates for their superior accommodation, to enable the rival lines to live. The State should also protect, by minimum rates, the weaker of these rivals from being crushed out by the stronger; and the stronger, from the competition of a bankrupt rival, which, having no dividends or fixed charges to earn, can run at unremunerative rates, until it bankrupts its solvent competitor. There surely should be some remedy for this growing danger to American railroads.

The question as to whether the Interstate law can protect the stockholders in railways from the evils of "unreasonable charges," as well as the people who use them, is soon to be passed upon by the Interstate Commission, under the provision of that law, which says that "All charges made for any service rendered or to be rendered in the transportation of passengers or property, as aforesaid, or in connection therewith, or for the receiving, delivering, storing, or handling of such property, shall be reasonable and just, and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful."

Strange as it may seem, it is a railway company that has appealed to the Commission for relief, under the above provision of the Interstate law. The Chicago, St. Paul & Kansas City Railway has made the claim that this "prohibits and makes unlawful a rate or charge which is too low, as well as a rate or charge which is too high to be just and reasonable; that this is the plain, ordinary meaning of the language used, and that, if this interpretation of the law prevails, the objects of the law, as the Commission has conceived them, are effectuated, while with any other interpretation the law becomes ineffectual for any such purpose, and so administered or construed as to produce discrimination."

This is certainly a logical deduction from the language of the statute, and seemingly gives the Commission ample discretionary power to say what is "reasonable and just," and also to prevent "every unjust and unreasonable charge," which is "declared to be unlawful," alike for the public and investors. Surely, unremunera-

tive charges are not reasonable nor just to the stockholders who furnished the money to build our great highways of commerce. Yet we expect that the opponents of railways will fall back upon the intent of the Interstate law, and claim that the object of its creators was not to protect the owners, but the patrons of the railroads against "unjust and unreasonable charges and discriminations." But this would be the worst form of class legislation, and open the way for an attack upon the constitutionality of the law itself.

What view the Interstate Commission will take of its newly-claimed function, under that law, it is impossible to judge, from its record in dealing with the question of high rates. But it will be an awkward position, in which it will find itself placed, if it shall decide that it has the power, under a law that was passed to stop discrimination, to itself discriminate, in favor of the public that uses the railroads, and against the investing public that owns them. Should the decision of the Commission in this case, not sustain that of Judge Brewer, on the same point, in the case against the Railroad Commissioners of Iowa, there will be good ground for an appeal to the Supreme Court of the United States, on that issue; and, failing in that, on the constitutionality of the Interstate law itself. It is to be hoped, however, that the Commission will agree with Judge Brewer, and thus afford equal and immediate protection alike to the railroads and their patrons, the public.

GOVERNMENT TELEGRAPHY IN ENGLAND.

Some interesting figures for the advocates of Government ownership of the telegraph lines in this country are furnished by the report of the British Government of its operation of the telegraph lines of that country. Since the purchase of the telegraph lines of Great Britain, in 1872, from private corporations, there has been an apparent deficit in their operations of over \$16,000,000, or about an average of \$1,000,000 annually. But the latest report shows that the deficit is much larger now than at the start, or about \$2,500,000 per annum. Of this amount, however, \$150,000 was for Government business, which would otherwise have been expended on private lines had the Government not owned and operated them. Hence this should be deducted from the apparent deficit, leaving \$2,350,000 annually, and an average of \$850,000 for the sixteen years. Of this net current deficit of \$2,350,000, the report of the Committee on Revenue Estimates for the British Government says that the services which were to be performed gratuitously for the

railways, under the onerous terms of the purchase of the telegraph lines from them, have been enormously increased of late years, either by the growth of their business, or by the performance of other services for them than those agreed upon, by the Government lines. But the chief deficit is found to be in the under prices charged for press messages for newspapers, on which there is an annual loss of £200,000, or \$1,000,000, which is thus virtually paid by the Government as a subsidy to the newspapers of Great Britain. This amounts to nearly one-half the total present annual deficit in the operation of the entire telegraph system of that country, and to \$150,000 more than the average annual deficit since 1872. Whether the enormous increase in this deficit of late years is due wholly to the increase in the services performed for the railways gratuitously, or to that, and increased services for the newspapers together, the committee do not state. Probably both causes are chargeable in about the same proportion for this entire deficit, which might be wholly wiped out, and the Postal Telegraph system made self-supporting, if the lines of the Government were operated upon business principles. In the case of the railroads, it is quite probable that they have the Government bound permanently, to work for them at a loss, under the terms of purchase which they were able to dictate, at the time of sale. But the virtual subsidizing of the whole press of Great Britain by the Government, and the furnishing of news, to the great and rich London daily papers, at less than cost, is something that would put the worst political partisan, and every self-respecting newspaper owner, to blush, in this republican country, where it would not be tolerated.

The report of this committee states that the rates charged the press of Great Britain are only one-fourth to one-fifth those charged the public generally. It would be interesting, in this connection, to know what proportion of the rates charged in this country, to business men and the public, are paid by the newspapers; and especially, by the Associated Press, to the private monopoly that controls the telegraph lines of the United States as absolutely as the English Government does those of Great Britain. In view of the recent passage of the law by Congress, placing the telegraph lines under the Interstate law and Commission, with the avowed purpose of making this the initiatory step in the final purchase of the private lines, and the establishment of a Postal Telegraph in this country, it is of more importance than ever that we should study the experience of the British Government, that we may obviate the mistakes she made in the purchase, and in the subsequent management thereof.

A CRISIS IN THE NATIONAL BANK SYSTEM.

In the last number of the *MAGAZINE* we showed the growth of national banks in the past seven years to have been about one thousand in number, or an increase of one-third in the total, making three thousand banks of this character in the United States, against two thousand in 1881. Since then, returns have been made by the Comptroller of the Currency and State authorities, of the number of State and national banks chartered since the beginning of the present year, which, together with private banks organized in the first six months of 1888, show, when compared with the same period in 1887, a rapid decline in the increase of national banks, in the face of an increase of over twenty-seven million dollars in the banking capital of the country, against about twenty-three and one-half millions, for the same time a year ago. But a more significant fact than this, even, is the still greater ratio of increase in the number, as well as capital of State and private banks established during the last six months. In 1887, the capital invested in national banks was nearly double that put into State and private concerns; while in 1888, this proportion is more than reversed, and over three times the capital has been invested in the latter, that has been put in national banks. In other words, less than half has gone into national banks in 1888 that did in six months of 1887; while two and a half times more was invested in State and private banks.

This is, to an outsider, a surprising showing, when the growing popularity and desire for the establishment of national banks, especially in the South and West, is admitted. But to bankers, it is what has been expected, whenever the growth of the business of the country should demand increased bank facilities. To them, the increasing obstacles thrown by hostile legislation across the path of the national banks have been too well understood and felt, to make this result a surprise to them. The figures for the above comparisons are as follows:

NATIONAL BANKS ORGANIZED.

	<i>Number.</i>	<i>Average Capital.</i>	<i>Aggregate Capital.</i>
Six months of 1888.....	73	\$91,500	\$6,679,500
Six months of 1887.....	112	136,300	15,273,000

OTHER BANKS ORGANIZED.

Six months of 1888.....	449	\$45,200	\$20,334,650
Six months of 1887.....	155	\$2,600	8,154,200

From these figures it will be seen that, in both classes of banks, the average capital is less than half as large in those organized in 1888, as in those of 1887; while the total number of all kinds is

nearly doubled this year. This shows that the increase is almost wholly in country banks, and that the expenses and obstacles of doing a small banking business under the national system are so much larger than under State laws, as to practically drive new country banks out of the national system. No other construction of the figures above seems plausible. In 1887, the average capital of the national banks chartered was \$136,300, while that of the State banks was only \$52,600, while, for 1888, the average for both is further reduced to \$91,500 and \$45,200 respectively.

There has been nothing in general business conditions to check the growth of the national banking system; circumstances have been more than favorable to its rapid development; but such has been the effect of legal restrictions, that State and local banks have necessarily increased more rapidly in numbers, as the country imperatively demanded a much greater extension of banking capital than the national banking system could afford under present conditions. Had it been unhampered by unreasonable restrictions, the development of the national banking system would, doubtless, have been as rapid as ever before.

In commenting upon this rapid decline in the extension of the national bank system, the *Daily Commercial Bulletin* says:

"The crisis in the history of the national banking system could not be more strongly emphasized, and nothing can be more apparent than that the obstacles to the organization of new national banks must be reduced, or hope abandoned of the continued growth of the system. The present rate of development is totally inadequate to the requirements of the expanding interests of the country.

"Successive Comptrollers of the Currency have pointed out the fact that very simple changes of the national banking laws would suffice for the present, and would ensure the continued development of the system during the few years remaining before the ultimate question of its continuance or abandonment will have to be decided. These simple changes of law, reducing the compulsory deposits of bonds, and facilitating the organization of small banks, should unquestionably be made, without reference to the determination of the broader questions involved in the national bank problem.

"So great is the preference for national banks in many localities not yet supplied, that persons desirous of organizing banking associations are restrained from doing so under any other system, and so long as the requirements of the national banking laws cannot be met, the communities are deprived of banking facilities. It is an unfortunate coincidence that the difficulty in organizing new national banks and the burden of the legal requirements have steadily increased during the period in which Western and Southern prejudice was rapidly disappearing, and the popular demand for the organization of new national banks was steadily increasing and becoming more general. The rapid growth of population, the expansion of productive industries, and the development of new sources of wealth, render it imperatively necessary that banking capital should be rapidly expanded, and any unnecessary check upon this growth is an evil widespread in its consequences, and one which should be promptly corrected."

A REVIEW OF FINANCE AND BUSINESS.

The general conditions of business, during the month of August, have gradually but steadily improved, with but few and unimportant exceptions, while in special cases, such as in the coal trade and the grain trade, there has been an unusual activity or advance in prices, or both. Even the iron trade, in which there has been so much complaint, has materially improved during the last half of the month, and the prospects for the fall are really cheering. Railroad earnings began increasing during the month, and in the agricultural sections there is a more hopeful and cheerful condition of things than for five years; for, with the prospect of good crops, we have already better prices before they have gone out of the farmers' hands, which will give them the benefit of the advance, as well as middlemen and carriers.

CROP PROSPECTS HAVE CAUSED THE CHANGE.

This improvement in prices, however, has been at the expense of Europe, whose crops are worse than since 1879, and hence the promise of the best export trade we have had in over five years. However that may react upon this country in the future, Europe's loss is our gain this year at least, though the damage to Western European crops, both food for man and feed for beast, has reached the proportions of national calamity. There has not been so cold and unfavorable weather, as during the past month, over Western Europe, with almost incessant rain during harvest, in the memory of this generation. It has been the exact counterpart of the unexampled weather we had in June and July to favor our crops, and the conditions of May and early June, here and abroad, have been exactly reversed, until, instead of the worst, we have secured the best crop year in ten, except for wheat, while Europe has the worst, as a whole, except in Russia and on the Danube.

The one unfavorable exception to the crop improvement here, the past month, is in spring wheat, which has gone back again in condition materially during August, in addition to the seven per cent. loss in July compared with June, in consequence of frosts in the Northwest, while the berry of the wheat was in the milk, and caused much in the Northern half, to shrink and reduce both quality and quantity, which will give us under an average spring as well as winter crop in grade, and probably in amount. But the corn crop is likely, as the oat and hay crops have done, except in parts of the Eastern States, where weather has been too dry, to more than make good the wheat deficit, as all other grain crops

are both large and fine, and Europe is likely to want as much more of those, than ever before, as we will have less wheat to give here.

THE EFFECT ON PRICES

has already been felt in an advance in wheat above the old dollar mark, which was the low-water line in this country, up to five years ago, and is likely to be again, on this crop at the seaboard, and even in the interior, for spring wheat, which has not yet moved, and will get the benefit of the late advance, which has all come from the other side, where the whole trade and speculators, as well as the public, have turned Bulls on the produce markets, which they have incessantly been Bearing since 1882. Now Europe is long in our markets, as well as in the other exporting countries of the world, and American speculators have been the Bears who were caught on the recent advance of over 10c., and have paid to Europe the differences on the reaction so far, as they did on the decline of the last six years, and a large percentage of our professional speculators are still skeptical about the permanency of the advance in prices, because foreign houses and countries are buying futures more than cash wheat in our markets. But they overlook the fact that there is very little good wheat at our seaboard, while it is that kind they want to mix with their own wet and damaged crop. Scarcely any of our new winter wheat, arriving so far, has graded No. 2, which is the export as well as speculative grade, and shippers have bought all the old spring wheat they could get on the spot, or to arrive. Another almost insuperable obstacle has been an advance in ocean freights equal to that in grain.

SHORTAGE IN THE WORLD'S TONNAGE, AND ADVANCE IN OCEAN FREIGHT RATES.

For the past two months ocean sailing tonnage has been growing scarce here, and the increased demand for it, for exporting petroleum from this country, has advanced rates to a higher point than for many years, and still there are not vessels enough. It has been talked that this was the result of tying up vessels with a view to corner the market. But the same experience with steam tonnage has been had the past month, and while rates have gone up to 5d. on grain hence to Europe, against an average of about 1d. for a long time past, they have not increased the supply as expected. It is now said the "tramp steamers," which high rates formerly brought here in fleets, have been tied up to their docks on the other side so long, that they have rusted out, and hence no increased steam tonnage is coming here, while corn is taking the bulk of the regular liners' room to supply the urgent demand for that staple on the other side.

It now turns out that all the old grain sailing vessels not in the Pacific wheat trade have been taken for oil, until a sailing vessel is no longer to be had for grain in the Atlantic trade, while the bulk of the old iron steamers are said to be unfit for grain and are not available for oil. This is the natural reaction from the surplus of ocean tonnage, and the ruinous rates of freight during the past few years, until now there is a scarcity the world over, as there has been a redundancy, and rates are advancing in all quarters of the globe on the competition for tonnage. Even our lake freights, which have been so depressed, are advancing on the prospect of big grain exports, and canal rates are following, as well as in our coasting trade, including coal tonnage, which has been in such active demand the past month, as to draw away some of the tramp steamers, still in commission, from the trans-Atlantic trade, while the demand to move the West India sugar crop has not yet set in.

DISCOUNTING GOOD CROPS IN THE STOCK MARKET.

During the past two months the stock market has been discounting the effects of the promise of good crops in a sharp advance in prices. Of these crops, the promise has been fulfilled so far, except as to wheat, which has not turned out in the winter sections as well in quality, if as much in quantity, as had been anticipated. In the meantime the spring wheat has fallen seven to ten per cent. under the condition of July, owing to rain, rust, frost and blight. Hence the promise of a month ago on wheat will not be realized. In the face of this, the stock market advanced sharply on these prospects, until it was called the "Wheat Boom" in Wall street. That this was overdone, has been already seen in the reaction in prices, which was perfectly natural, as the last part of the advance was fictitious so far as what are known as the wheat roads were concerned. But the tendency is to confuse the wheat and corn roads, and to boom or depress them all alike and together. Hence the Granger roads were all Bullied on the grain crop prospects, as a whole, and the corn as well as the wheat crop has already been once discounted. Yet we find the oracles of Wall street talking and printing the theory that the late boom was only a wheat boom, and that the corn boom is to come in September if frosts are escaped until the 15th of that month, whereas, the corn crop has already been partially discounted with wheat. As the latter is below an average, it matters not how much bigger the European deficit has grown during the past month, if we have not a surplus sufficient to fill it, which we notoriously have not. Should the corn crop fulfill present promises of the largest ever raised, of which there

are more than even chances, it will practically make good the deficit in wheat to the railroads. Hence the present level of prices may be maintained on their merits for railway stocks. But to discount the corn crop over again in September may be a dangerous operation unless the feed crops of Europe shall turn out as short as her food crops, and require a sufficiently large increase in our exports of corn, oats and other feeds to make up for the deficit in our exportable surplus of wheat. Otherwise the bulk of the corn, oat and hay crops remains in the interior to be fed on the farm and to come forward one and two years hence in the shape of live stock or dressed meats or provisions, which would not help the railroad earnings this year as a large wheat surplus for export would do.

MONEY AND BONDS AT HOME AND ABROAD.

The improvement in general business, anticipated in our last review, has already set in during August, and is reflected in the money markets of this country, not only, but those of Europe, especially in time loans, which have been in better demand, though not active, as bankers have been indifferent lenders, except at rates which checked business. Call loans have been less affected because the increased demand for money is for thirty to ninety days ahead, rather than on the spot. Foreign demand for our railway shares, as well as bonds, has increased, as the prices of American securities are regarded much cheaper than "International securities," which, according to the London *Economist*, are selling at higher prices than for some years, and upon a basis, which only the brightest prospects of a general European peace would warrant; whereas, such prospects do not exist. It attributes this Bull movement in Continental securities to the Berlin "Peace" speculators, encouraged by the Imperial Government. The activity at home in our railway bonds has fallen off, as the investment funds lying idle in banks a month ago have been reduced by investments already made, as shown in the reduction of the bank reserves. The bond purchases of the Government have also continued on a moderate scale, until the last of the month, as the present demand for money has not been active enough to induce free offerings of bonds at the Government prices. The amount paid by the Treasury in premiums on the bond purchases made for the fiscal year was about \$8,250,000. This was a new item in the expenditures of the Government, and, together with about \$6,500,000 increase in the pension list, made more than an offset to the increase of \$8,000,000 in receipts for the year, all of which was from internal revenue. The excess of all receipts of the Government over expenses for the year was \$120,000,000.

Of further gold shipments from the United States to Europe, the London *Economist* says: "The prospects are better for shipments of gold hence, to the United States, in view of the large investments of foreign capital in American securities and enterprises." But the probable important increase in our exports is a more influential factor in the same direction. The course of sterling exchange has already indicated the prospects of gold imports this fall, based upon the damage to the European crops, and a larger deficit than for years to be supplied from America.

DECLINING RESERVES AND LOAN RATES.

The condition of the money market, and the increased activity, have also been reflected in the sudden and large decrease, during the month, of the bank reserve, which has been running down at the rate of about two and a half millions a week, though rates have remained about the same on call, while hardening on time loans. On the other hand, the London loan market has advanced until the stocks bought here for foreign account are being carried here because money is cheaper. When the crop movement here shall become general enough to require the money now employed in this way and these securities shall be shipped, it is likely to depress the sterling exchange market, which has been only steady of late, even with reduced exports. With increased exports, which will soon follow the general and serious deficit in the crops of Europe, it would not be a surprise if, we were importing gold from both England and France before long. This prospect is affecting the Paris money market already, as shown by rates, and the efforts of the Bank of France to keep specie, while the failure of the Panama Canal loan, and the anticipated eventual collapse of that bubble, is making a very unsettled feeling in both Paris and London.

It is urged that the contingency of a European disturbance, financial or political, would make the situation of our market more critical, on account of these large amounts of stocks which are being carried here for foreign account, on account of the cheapness of money. It seems to be perfectly evident that any foreign disturbance would increase the activity of money here, and an advance in the rate of money here would result in the shipment of these stocks and bonds there, by immediately releasing so much money for our use. On the other hand, it has always been considered an element of decided weakness when money was tight here and American stocks were being carried in London. In that case, any improvement in the rate of money abroad resulted in shipping securities here where they belong, and drafts upon America making the stringency all the worse on this side.

ACTIVITY IN COAL AND MANUFACTURING INTERESTS.

The Philadelphia *Ledger* says: The anthracite coal trade is now in good shape for the fall business, which promises to prove very satisfactory both as regards large sales of coal and remunerative prices for the same. The production for the past two or three weeks, which has averaged about 160,000 tons per day, has only been limited by the lack of transportation facilities. Every available coal car or box grain car that could be had has been brought into use.

The coal roads are certainly piling up their business and their profits very rapidly. It is claimed that the Lackawanna is earning at the rate of 18 per cent., and this means a very large gain for the Delaware and Hudson, which has shared fully in the prosperity of the Wyoming region. It has been claimed that the miners get no advantage from the increase in the price, but this is said to be incorrect so far as the Reading goes; for standard sizes of coal the prices at the mines will have reached, Sept. 1, 15 to 25 cents above the \$2.50 basis.

The Boston *Commercial Bulletin*, in its review of developments at manufacturing centers, for the third week of August, says that there was a very marked advance in the activity of iron and steel manufacturing, shoe making and wood working. In the cotton mills the only important labor disputes have been adjusted, five new mills are announced and every evidence is given of increasing activity, in which the silk and wool industries to some extent share. The manufacturing and industrial situation is thus presented as steadily improving and the outlook is described as very encouraging.

THE CROP OUTLOOK AT HOME.

The Cincinnati *Price Current* of the 25th ult. says: The change of most importance in the status of leading crops the past week is in the influence of low temperature in the Northwest upon the spring wheat, which crop has been steadily deteriorating in promise for several weeks, and has now been somewhat injured by frosts, but to what extent cannot be reliably estimated yet. Not only low temperature has been a drawback, but excessive moisture has been adverse to harvesting conditions in many districts, to more or less extent impairing the quality of the grain. In the winter grain districts the new crop of wheat is moving freely, and the receipts continue to show a large proportion of unusually light weight grain, even more so than earlier. Investigations made by parties in the trade lead to the conclusion that the barley crop has turned out well as to yield, but the bulk of it discolored and otherwise impaired in quality. Interest centers in the corn crop just now. Rains have recently fallen in a large

breadth of the western corn growing area, and this feature, with cool temperature, keeps the crop in a green and growing condition, which is all favorable enough, provided there comes abundance of warm, maturing weather before damaging frosts occur. Outside of some districts in Southern and Western Kansas there is continuance of an almost uniformly good promise for corn, accompanied with the feature that, to realize what this promise now points to there must be several weeks of warm and dry weather, with absence of damaging frosts.

INCREASING FAILURES AND THE RETALIATION SCARE.

It will be remembered that the *MAGAZINE*, in its money articles of last spring, predicted trouble when the bills for goods bought early in the year, in expectation of a good spring trade, should begin to fall due, as the bad weather of last spring had so reduced trade as to make it certain that collections would be bad during the summer. It is these bills which merchants have been unable to meet, and hence the increased failures over which so much has been said as indicating something new and unfavorable in the business situation which has not been known or already discounted.

The possibility of retaliation against Canada, over which the press on both sides has made such a howl, is not a probability which business men have seriously contemplated. The new power asked for by the President will doubtless be granted, however, against an emergency. The bill before Congress to that effect will probably be amended with respect to the section relative to discriminations at the Welland Canal, so as to empower the President when, in his judgment, discriminations are practiced by Canada, to issue a proclamation imposing 20c. a ton on foreign vessels passing through the Sault Ste. Marie and St. Clair Flats canals. Should the toll demanded by the Canadian government at the Welland Canal be 30c. instead of 20c., the President would only be able to enforce partial retaliation under the bill as it first read.

THE SINKING FUND AND BOND PURCHASES.

Strong pressure has been brought the past month to induce the Secretary of the Treasury to increase his price for and purchases of bonds. Among the most able arguments in support of this policy was a circular issued by Harvey Fisk & Sons, which has been widely quoted by the daily papers. As a result, Senator Beck has introduced bills in the Senate suspending the purchase of bonds for the Sinking Fund until further ordered by Congress, and repealing all Sinking Fund laws. In his last annual report,

Secretary Fairchild said on this subject: "I am not, however, at present disposed to recommend the repeal of the sinking fund requirements of the present laws. It is probable that the command of these laws can only be obeyed at heavy cost; but nevertheless it is better and more wholesome that the country should each year continue to devote such sum as they require to the extinguishment of so much of the interest-bearing debt as can be purchased therewith. At least the experiment should be faithfully tried until it is demonstrated to be a failure."

In introducing his bills, Mr. Beck called the requirement of the Sinking Fund a fraud, and said it was maintained to keep up taxes and put money into the pockets of bondholders. Ten men, he said, could buy up the bonds and hold them, and the Secretary of the Treasury, if he carried out the law, might be compelled to pay \$200,000,000 for every \$100,000,000 of bonds which he purchased. Within five months the price of bonds had, under their influence, gone up five per cent., and it would go up fifty per cent., he predicted, within a year unless the Sinking Fund laws were repealed.

RAILWAY EARNINGS AND RATES.

In our last number we predicted that the railroads would prove to have passed the lowest level in earnings in the month of July. The returns for August, so far, indicate that they have fairly passed the turning point and that they will soon begin to show an improvement which will be the more remarkable as the comparison will be with unfavorable fall months of last year. The earnings of eighty-one roads in June showed an increase in gross which was important, but the loss net was about 5 per cent. for the month, and about 9 per cent. for the first six months. This comparison, made by the *Chronicle*, was with a large increase in the previous June of over 21 per cent. Were it not for the heavy losses on three roads there would be a gain. The falling off of over half a million for the Burlington makes a big hole in the total, but only thirty-six out of eighty-one report an actual loss, and the total net for the first half of the year, in spite of the coal miners' strike, the engineers' strike, bad weather and short crops, is still greater than for the first half of 1886. The Burlington and Quincy contributed 60 per cent. of the decrease in net. The Grangers have done the worst and the Pacific roads have done best, the Southern roads coming next. For the first week in August the increase in gross was 4 per cent. on seventy-one roads. For the second week in August seventy roads had a gain of less than 4 per cent. on a largely increased mileage. For the third week in August the improvement, however, was general, and it is

quite possible that, when the statistics are made up, it will be found that the real improvement began with the middle of the month. Some of this will be due undoubtedly to the increase of business in view of the advance in rates, but the Southern roads are already getting the first of the new cotton crop, and an increase in grain shipment is also to be anticipated.

Yet, while the results of gradual restoration of freights are thus seen in the earnings, it is partially offset by the war in passenger, and especially in emigrant rates, that has lately broken out. With the fulfillment of the promises of good crops, and the closing up of the railroad freight war during August, there has broken out a passenger war, which has extended from first class to emigrant business, and the chief source of revenues during the summer has been thrown away in part. The emigrant war has involved both the Trunk lines and their western connections to the Missouri River. But the trans-Continental lines have refused to *pro rate*. How long this state of affairs will last, time only can tell. But the punishment of the Lackawanna road for its getting an undue proportion of the emigrant traffic, seems to be the objective point of this war, so far as the Trunk lines are concerned, as the disciplining of the Erie road, for taking the bulk of the dressed beef business, was the purpose of the late trunk line freight war.

OTHER MARKETS ADVANCING.

Grain, flour, provisions, sugar, cotton, coffee, and petroleum have all been active and higher on the increase of consumption or decreased production, by which demand, present or prospective, exceeds supply. This is true of all but cotton for August, which was cornered until Liverpool shipped our cotton back to the amount of about 5,000 bales, when the Inman clique scared out what shorts they could, and dropped the price of August to stop shipments to this market.

The short coffee crop in Brazil has enabled the Bulls to control that staple, while the poor grading of new crop of oats, made a 10c. per bushel squeeze in August in this market. But the tendency in all the speculative markets is now up, be crop prospects big or little. Provisions have been advancing on scarcity of hogs, in face of a big corn crop, and corn is going up too, after the late reaction on the "Big Crop" scare.

Activity, as well as advance, is now the order of the day in legitimate as well as speculative markets, and the prospects of a Bull year in everything, are giving a life to business of all kinds, which is only begot of confidence in better times, and expectations of a big fall trade.

FINANCIAL FACTS AND OPINIONS.

Changes in our Paper Currency.—In our last number we gave the increase in our circulating medium during the past year, which was shown to have been very rapid. There have been equally rapid changes in our paper currency in the past few years. Few but bankers have a correct idea of these changes which are going on in the paper money circulation of this country. The actual money circulation of the United States on January 1st, 1887, and August 1st, 1888, in the four forms of note circulation, were as follows:

PAPER MONEY CIRCULATION OF THE UNITED STATES.

January 1st, 1887.	
Gold certificates.....	\$97,215,605
Silver certificates.....	117,246,670
United States notes.....	323,511,600
National bank notes.....	296,771,981
Total.....	\$834,745,946
August 1st, 1888.	
Gold certificates.....	\$131,959,112
Silver certificates....	203,680,679
United States notes.....	306,855,276
National bank notes.....	241,413,816
Total.....	\$883,908,883

The decreased circulation of United States notes and national bank notes has been made up by an increase in the circulation of silver and gold certificates, and so largely exceeded by the expansion of the latter forms of circulation that the entire amount of paper money of all kinds in the hands of the people has increased by nearly \$50,000,000 during the period in which coin circulation has increased by only \$1,000,000.

Railroads Making Peace for a Big Fall Traffic.—The Chicago *Times* recently said: "The past week has witnessed what seems to be an honest endeavor on the part of railway managers to adjust their differences and advance freight rates to a paying basis in time to reap the full benefit of the new crops when they begin to move. Tariff rates on through business from the seaboard to Missouri River points are to be restored to-morrow so far as the roads west of Chicago are concerned, and at the same time the cut rates to Green Line points in the South will be advanced to the old standard. The Texas roads are making good headway and have already put into effect the tariff that was promulgated in May. Illinois rates are being carefully revised, with a view to establishing a basis for the harmonizing of all Interstate rates to and from western, northwestern and south-

western points. The Chicago and St. Paul roads are trying to agree upon a plan of settling their difficulties, and have made such satisfactory progress that all now depends upon the decision of President Hayes, of the St. Paul & Duluth road. The preliminary advance in dressed beef and live stock rates from Chicago to the seaboard by the Vanderbilt lines is believed to be an indication of a general advance to a much higher figure at an early day. The trunk lines evidently hope that they can get back to the old tariff on both east and west bound business by September 1, and they do not question that the Central Traffic Association will co-operate with them and take similar action. It is all very well to quarrel over small business, but as soon as it becomes worth fighting for, the managers find it a great deal better to make peace and at the same time make money. On the whole, there seems a more honest disposition to get back to paying rates than has been exhibited for some time."

Growth of the Northwest.—In speaking of the rapid growth of the Northwest, in spite of the depression in agricultural products, the Chicago *Tribune* says: "The wealth of the Northwest has been increasing enormously for years past. Even during the period when the price of wheat was so low and many people demonstrated to their own satisfaction that the farmers were losing money, the buying power of the masses somehow grew greater and greater. How much more rapid will be the progress with wheat ten or fifteen per cent. higher, an abundant yield of corn, and other agricultural products at least fully up to the average. It is in Chicago that the richest bloom of this prosperity will be seen. This city is the central point of exchange for the best parts of the West. The wheat of Dakota, the corn of Nebraska, and the cattle of Wyoming, will soon be converted into bank deposits, buildings, and railroad tracks in and around Chicago. Every week sees the inception of some new enterprise of general importance in this city, and the early fall will witness an unwonted activity in pushing those schemes. Whatever may be the exact facts as to the Northern Pacific's efforts to secure an entrance into Chicago, there are no doubt promising negotiations in progress looking toward a great development of the terminal and transfer facilities of the city. Leading railroad men declare that an average of one railroad per year may be expected to enter the city for several years yet. The Standard Oil Company seems determined to push its pipe-line service to every part of the city and suburbs. Then there are the elevated roads, the underground roads, and a hundred other enterprises requiring home and foreign capital, which will certainly force themselves on the attention of the people during the next few



months if general business is in as thrifty a condition as it now promises to be. Meanwhile, real estate owners are on the tiptoe of expectancy, and the market is exceptionally strong. The opinion of the future, held by the promoters of the great building enterprises, may be surmised from the fact that there are half a dozen schemes on hand, each of which will call for several hundred thousand dollars."

Failure of Panama Canal Loan in Paris.—In the last number of the MAGAZINE, fears of a collapse of the Panama Canal scheme were given as the cause of uneasiness in financial circles in Paris. The Paris correspondent of the London *Statist* writes as follows, under date August 9: "The position of the Panama Company is causing the greatest anxiety amongst those connected with the concern, and last Monday's official announcement by the Chambre Syndicate, that only 830,000 of the last lottery bonds—2,000,000 in all—have been admitted to quotation on the Paris Bourse, has given rise to alarm everywhere. It is thus publicly admitted that the last issue was a failure, and that the hard strivings of the guaranteeing syndicate, under the leadership of the Credit Lyonnais, have proved abortive. It will be extremely interesting to follow the progress of the last loan, as the above official admission knocks the whole loan on the head, being contrary to the conditions under which the issue was allowed by the Government, and contrary to the terms of the prospectus. We may safely look for a crop of lawsuits from subscribers to demand their money back, and the syndicate is deprived of every security for the advance of seventy-five millions made in order to establish the Société Civile, as required by law, for the protection of the bondholders. All these details are nothing compared with the pertinent question whether the company has any means to continue its work of excavation, and this point is more disturbing and more absorbing the mind of serious financiers just at present than anything else. The Panama balance sheet for the 30th June showed available assets of about 113,000,000 fr., of which coupon payments, 1st July, absorbed thirty millions, leaving a balance of about eighty millions. The installment on the new bonds up to the present is sixty francs, or a little under fifty millions, making cash at hand altogether one hundred and thirty millions; and if we add that some obligations have been paid up in full under discount, it is fairly correct that about one hundred and fifty millions cash were at the disposal of the company at the beginning of July. The Société Civile requires one hundred and twenty millions, the works of excavation absorb about thirty-five millions every month, and leaving accruing interest out of the calculation, it becomes very plain

that the financial resources of the Panama Canal are exhausted. Every effort will doubtless be made to prevent actual stoppage of the works. Our Bourse, it is thought, will suffer very little in such an event, but some of our big banks are said to be committed very heavily."

Another Financial Straw, which shows which way the trade wind is blowing, is found in the Postmaster-General's report of a rapid increase in the business and revenues of his department of the government. The *Commercial Bulletin* says the report by the Postmaster-General, to the effect that the postal revenues are increasing with unprecedented rapidity, is specially gratifying, in view of the fact that during a series of years the postal revenue collections have afforded an accurate indication of the condition of business, and the general prosperity of the country. Through panics and normal conditions of trade, and the highest elevations of business booms, the postal revenues have fluctuated in close accordance with the state of financial and industrial prosperity. So accurate has been this postal barometer as an indication of the state of business, that it has been closely studied with this view, and has been recognized as one of the most reliable guides to a correct estimate of prevailing business conditions.

The Dressed Beef War has not yet been fully settled between the Trunk lines, though the demoralization in rates seems to have passed the period of midsummer madness, when the Pennsylvania and Central roads did the business for less than nothing to get it away from the Erie. A general freight agent of one of the Trunk lines says: "The 25-cent rate on dressed beef represents simply the cost of doing the business. This business now is very heavy, and the Pennsylvania and the Vanderbilt lines found it a more paying policy not to lose money on the business than to lose money simply to keep the Erie from having any business at a differential rate. The Erie is doing none of the dressed beef business, but it is quoting a 22-cent rate, to show that it has not backed down from its purpose to keep the differential." The rates last month were cut below 10c., or less than half "the cost of doing the business," according to the above authority.

English Railroad Legislation.—England has now begun wrestling with the railroad problem, and in some respects she has copied from us in her new law regulating railroads, while in others she has gone ahead of us. In this latter respect, one of the most important provisions of the new English railroad regulation law is to the effect that the opinion of the highest judicial authority

shall be taken on points of law before a decision is promulgated in any case involving legal questions. The Chief Justice, personally or by a representative appointed by him, must become a party to each decision, and assurance is afforded that it will stand the tests of law and is not liable to be reversed or set aside after contest in the courts. This is a great improvement on our Interstate Law, as is well shown by the evils resulting in this country from the absence of any such guarantee. The Interstate Commission is a body of considerable legal ability, and as a general rule its decisions have been carefully restricted to the clear meaning and purpose of the law; but in the case of the State Railroad Commissions, the contrary has been the case. Many of the Commissioners are either ignorant of law or are apparently bent upon injuring the railroads as much as possible, by legal means or otherwise, and by taking advantage of the fact that years may elapse before their decisions can be finally tested before the highest tribunal. The evils of conflicting decisions by the Commissioners of different States now promise to be a new evil under our State Railroad Commissions. Going from one extreme to the other, the Missouri State Commission has recently announced that "we are inclined to believe that, however familiar the freight managers may be with the theoretical rules governing the establishment of rates, they rarely use them, but charge whatever the traffic can, in their opinion, reasonably bear; and, after all, this is perhaps as near to a practical solution of the question, 'What is a reasonable rate?' as is a ream of fine-spun theories." This doctrine is new when it is recalled that the greatest grievance complained of in our anti-railroad agitation has been this system of charging "what the traffic will bear." To prevent that method of rate-making, railroad legislation has been adopted and Commissions appointed.

Objects of the Congress of American Nations.—The objects for which the Congress of American Nations is called to meet next year are many and most desirable, and should but few of them be secured, such an acceptance of the principle of American unity of action upon international questions would be of great value to all. The President has fixed upon October 2d, 1889, as the date for the proposed Congress lately authorized by Congress, and has issued invitations to the sixteen governments, including the republics of Mexico, Central and South America, Hayti and the Empire of Brazil. The invitations notify these nations that they are expected to come prepared to "consider" measures to preserve peace and promote the prosperity of the American States; to establish an American customs union; to secure more frequent

communication between American nations; to agree upon uniform customs, appraisement and quarantine regulations; to provide for uniform weights and measures, patent, copyright, trade-mark and extradition laws; to adopt a common silver legal tender coin; to devise a plan of perpetual and compulsory arbitration, and to act upon such other subjects as may be presented by any of the States represented. Although the invitations have been sent, no responses have yet been received.

European Money Markets.—The London *Economist* in a recent issue gives the following comprehensive epitome of the conditions existing in the chief European money centers, and those which are likely to control their course for the near future. We quote:

“The upward movement in the value of money has made further progress this week, and seems likely to continue. For one thing, the position of the Bank of England is weaker than is usual at this time of the year. Its present stock of coin and bullion and its reserve compare with the amounts held at the corresponding date in each of the past four years thus:

BANK OF ENGLAND.

<i>Beginning of August.</i>	<i>Stock of Coin and Bullion.</i>	<i>Reserve.</i>
1888	£ 20,603,000	£ 11,562,000
1887	20,965,000	11,121,000
1886	21,546,000	11,488,000
1885	26,665,000	17,248,000
1884	24,361,000	14,123,000

The comparison with last year is superficially not unfavorable, but it has to be remembered that this year, owing to the backwardness of the crops, the harvest demand for money has not yet arisen, whereas at this time last year it had been partly satisfied. Relatively, therefore, the position is now less strong than it then was, and it is very much weaker than at the same date in previous years.

“And while the bank is weak the demands upon it are likely to be considerable. The demand for gold for shipment to Buenos Ayres is not yet satisfied. What the extent of that demand will be it is of course impossible to say. Well-informed people, however, believe that only about one-half of the amount of gold required has yet been provided, and the probability is that, in order to supply the remainder, the Bank of England will have to be drawn upon to a greater extent than has been found necessary up till now. Of the gold that has hitherto been sent to Buenos Ayres a good deal has been collected in the United States, and the Bank of France has latterly been supplying a portion. At this time of the year, however, the demand for money increases so greatly in the United States that they need all the gold they have for their own use, and have none to spare for export. Already, it will be observed, there is a movement on the New York Exchange that plainly points to this conclusion. And, as regards the Bank of France, it is hardly probable that it will be disposed to part with much more of its gold. Its present stock is less by fully $4\frac{1}{4}$ millions than the amount held at the beginning of August, 1887, and it will be remembered that, last year, when a demand for gold for the United States was pressed,

the Bank of France was prompt to protect itself by raising its gold premium to a practically prohibitive point. That it will now be prepared to allow its smaller stock of the metal to be drawn upon freely is, therefore, very improbable; and as these other sources of supply become restricted, the demand will tend to fall more and more upon the Bank of England.

"Another factor to be taken into account is the threatened deficiency of the wheat crop here and over the greater part of the Continent. This means not only that we shall have to buy more from the United States, Russia, etc., but also that we shall have to pay more for what we do buy; and while it does not necessarily follow that this augmentation of our trade indebtedness will cause gold to be taken, hence it at least facilitates withdrawals. On the other hand, beyond the three-quarters of a million that is now on its way hither from Australia, there is at present little prospect of any influx of gold to the bank from abroad, and in these circumstances it appears pretty certain that the directors will before long be compelled to advance their rate."

Steel Still Superseding Iron.—In commenting on the continued changes in the iron trade the *Iron Age* says: "The steel rail situation in the West is becoming a matter of anxiety to others besides the steel rail manufacturers. As long as orders for steel rails were abundant the manufacturers of other forms of iron and steel competed with one another on fairly equal terms for business, and often enjoyed an overflow from the rail mills of work which the capacity of some part of their plant was not equal to. The rail mills were then very far from being a disturbing element in the general situation, except that they formed an important factor in making the price of ore and coke high by consuming such enormous quantities of these materials, and thus indirectly but unintentionally making such materials high-priced for other iron and steel manufacturers. Now, however, the situation is changed, and the makers of iron and steel for the general market have good reason to feel apprehensive of competition for business in many lines from the great Bessemer steel works. They have blast furnaces of the most modern type, employ accomplished chemists, have able managers, and are prepared to make pig iron of nearly any quality desired. A number of them have rolling mills for turning out other products than rails, and can speedily enter the field with mild bar steel to take the place of iron or to supplant the higher priced bar steel made by mills purchasing the blooms or billets. The Joliet Steel Company have already embarked in the manufacture of wire rods to secure an outlet for part of their product, and the North Chicago Rolling Mill Company are contemplating the erection of works to enable them to produce a heavy output of other forms of steel than rails, but there will still be a surplus capacity in the western steel works for the production of steel for the general market if

the demand for rails does not improve. The entire substitution of steel for iron has often been prophesied, and the fulfillment of the prophecy has been as often deferred, but every such period of dullness in the rail trade as now existing brings the inevitable day nearer when steel will crowd rolled iron to the wall."

The Inter-State Law and its Failures.—The absorption by the Canadian Pacific Railroad of branches within the United States can scarcely be watched with complacency by one of the political or economic schools which is largely responsible. There certainly can be no greater inconsistency, from the standpoint of "protection," than a policy under which the domestic carrying trade is surrendered to foreign railroads. The economic school which denies American registry to foreign-built ships, and advocates bounties and subsidies for the encouragement of American carriers in foreign trade, can scarcely approve the surrender of domestic transportation to foreign carriers. The Canadian Pacific Railroad management is energetic and enterprising. It has already secured a large share of American trans-continental traffic, and gains additional strength with the acquisition of each new branch. The continuation of present tendencies would probably lead to a number of additional connections with distributing centers on this side of the border. It is doubtful whether a great nation, with already superior facilities, has ever before made such a surrender of her trade to a weaker rival. Of course the diversion of the traffic of the railroads of this country to the Canadian lines is not wholly due to a single cause, nor is it entirely the result of legislation unfavorable to the railroads of the United States. But a very important and prominent factor is the Inter-State Commerce law, and the main reason assigned for shipping by way of Canada is to escape the long and short haul restrictions. So far as Canadian competition is the result of natural causes, and affords to the shippers of this country cheaper or better service than they could command at the hands of our own railroads, we have welcomed it as beneficial and desirable to American interests; but so far as it is due to legislation depriving American roads of the power of competition, it is unmistakably injurious and unjust, and a source of reasonable complaint by all those interested directly or indirectly in the railroad system of this country. It is apparent that the law-making power should not deprive the shippers of this country of any advantage which they can derive from the unrestricted competition of Canadian railroads; but it is also quite certain that American carriers should not be hampered in their competition with Canadian rivals. The

shippers and railroad managers alike of this country have good reason to complain of any legislation which compels them to look to Canada for service which could be rendered by the railroads of this country if free from arbitrary restrictions.—*Daily Commercial Bulletin.*

The Extension of English Trust Investments.—The *London Economist* says in regard to the bill before Parliament extending the list of Trust investments as follows: The most important section of the Liability of Trustees Bill is that by which the powers of trustees to invest trust funds are greatly enlarged. Outside of Scotland, trustees in the United Kingdom, when left without instructions under the trust deed, can only legally invest in the following securities:—Consols, stock of the Bank of England or Ireland, East India stocks, "real securities," Metropolitan Board of Works stocks, and stocks guaranteed by the British Parliament, the last-named including two or three Canadian and Jamaica loans, the Turkish loan of 1855, and the Egyptian 3 per cent. guaranteed loan. But, as we pointed out last week, the bill which has been sent down from the House of Lords to the House of Commons authorizes trustees to invest in home railway pre-ordinary stocks, the similar issues of British water companies, colonial inscribed stocks, and home corporation stocks, the three first classes being, however, subject to certain definite restrictions. If, therefore, this bill passes the House of Commons and becomes law, as seems probable, it is likely to have an important bearing upon the stock markets. It must be remembered that the 40 millions or so of consols which remain unconverted are no doubt mainly held by trustees, who would be extremely glad to re-invest their funds in any available securities bearing moderate rates of interest. Hence, if the area of investment open to them is enlarged, they may be expected to promptly avail themselves of the opportunity, and the prices of the new trust securities will be naturally affected. And, of course, as time goes on, trust money seeking investment will tend to flow into the newer and cheaper trust securities rather than into the old issues, which have been in many instances forced up to extreme prices by the action of a steadily-increasing demand upon a rigidly restricted supply. It is therefore important to give close attention to the new bill, and especially to those clauses by which the new classes of trust securities are strictly defined. To sum up, we may state that the bill, if passed, will allow trustees to invest their trust funds in home railway pre-ordinary stocks which yield from about 3 per cent. to $3\frac{1}{2}$ or $3\frac{3}{4}$ per cent., according to the order of priority, etc.; in British water companies' pre-ordinary stocks, which usually yield from $3\frac{1}{4}$ to $3\frac{1}{2}$

per cent.; in colonial government inscribed stocks, which yield from $3\frac{1}{4}$ to $3\frac{3}{4}$ or $3\frac{1}{2}$ per cent.; and in home corporation stocks which yield from $3\frac{1}{4}$ to $3\frac{1}{2}$ per cent. Amongst the existing trustee stocks, India sterling issues return from $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent., and Bank of Ireland stock $3\frac{1}{4}$ per cent., but in other cases the yield is barely 3 per cent. The bill, if passed, would therefore tend, in all probability, to appreciate the prices of all the new trustee stocks which yielded anything substantially above 3 per cent. upon money invested in them, especially as the supply of all these bonds, with the exception of colonial government stocks, is decidedly limited.

The Era of Strikes Declining.—The fifth annual report of the New York Bureau of Labor Statistics, lately issued, shows that there were fewer strikes during 1887 than during 1886, and makes the assertion that this form of labor troubles is dying out. The State Bureau reports strikes in 1,604 shops during 1887, compared to 2,061 in 1886; 51,731 workmen were involved, in comparison to 127,392 in 1886; 694 of the strikes are reported as successful, while the same number were failures, and the remainder resulted in compromises. The loss in wages is estimated at \$2,552,000, and the gain through increased wages secured by strikers at \$944,632. This is gratifying intelligence, and evidence that wiser counsels are prevailing in this as well as other States, by which both employers and employes are more willing to meet each other in a friendly spirit, and give and take fair play, or, by compromising their differences, avoid mutual loss and interference with business, as well as bad blood or violence.

Cause of our Gold Exports to Germany.—The *Daily Commercial Bulletin* lately printed the following letter from a banker, explaining the recent exports of gold from New York to Germany in a new light. "The *Financial Chronicle*, in a recent article on 'The Financial Situation,' says:

'The cable reports discounts of 60 days to three months' bank bills in London, $1\frac{1}{4}$ per cent., while the open market rate at Paris is $2\frac{1}{4}$ per cent., and at Berlin it is $1\frac{1}{2}$ per cent. . . . From Berlin it is reported that the Bank of Germany had ceased to make advances free of interest on gold shipments to Berlin. This change of policy, of course, diminishes the inducement to take gold for Germany.'

"Here we have the key to the cause of the recent drain of gold from London and New York to Germany, and undoubted evidence of the folly of the Bank of England in attempting to attract gold to London by increasing artificially the rate of interest in England. We have long and incessantly maintained that the current rate of interest everywhere indicates the cost of retaining idle specie at

each monetary center. Self-interest impels the owners of idle specie to ship it and have it held for their account at those monetary centers where interest is lowest. The Bank of England, disregarding all practical facts, maintains that a high rate of interest attracts specie, whereas the very reverse is the fact. A high rate of interest is injurious to all interests except the money lenders. The fallacy is based on the fact that money lenders seek a high rate of interest everywhere; but specie ought not to be classed as money, for it never draws interest anywhere, because in general it remains idle, except that limited portion in circulation in the pockets of individuals to be used in their small daily expenditures. Nothing should be called money except the unused purchasing power of producers who exchange useful things for their representatives—notes, bills of exchange, bank deposits, etc., etc. These are certificates that the holders have delivered useful products of labor to the community, but have not yet exercised their right to claim in exchange a similar amount of value of the useful products of others. In the operations of banks it is estimated that 95 per cent. are represented in paper evidences of indebtedness, and only about 5 per cent. in bank notes and specie. In the minds of the great majority, specie is considered the most important, and other representatives of useful products the least important. How long will this grave error control legislation and public opinion?"

A Fair for All Decision.—What's in a name, has often been asked. But if there is any significance therein, it would appear to be a good omen that Judge Fairall, the Chancellor of Iowa, has rendered a decision against the Railroad Commissioners of that State which sustains the ruling of Judge Brewer regarding "Reasonable Rates," and also confirms the views expressed in an article previously written, under that head, in this issue, taking the ground that any law permitting the fixing of unreasonable and unremunerative rates is unconstitutional.

Improvement in British Trade.—The London Times, in a recent issue, said: "The Board of Trade returns for last month are very satisfactory, the tendency to expand shown, for some time past, by the trade of the country, both home and foreign, having continued. The imports amounted to £30,706,000, an increase of £1,748,000, or about 6 per cent., and the exports to £20,762,000, an increase of £1,581,000, or about 8¼ per cent. The increase in the imports is pretty general, the only important exceptions being wheat, maize, and wool, which show moderate decreases. The shipments of wheat from Russia continue abnormally large, while those from the United States and India are still falling off. Of the total of

6,146,000 cwt. landed during the month, Russia sent nearly a third, and she also supplied nearly the whole of the barley and oats imported. There is a considerable increase in the arrivals of tea, a large quantity of China sorts having been imported last month, while the Indian supplies also show a considerable increase. Raw sugar also shows an increase, especially in the arrivals from Brazil, Germany, and Java. The exports, though very satisfactory on the whole, and exceedingly so in some particulars, such as hardware, and cutlery, and machinery, and millwork, show decreases in woolen fabrics and worsted fabrics, owing to the continued falling off in the Italian demand, especially for woollens. The United States has taken increased quantities of both classes of goods. Cotton yarns and goods show substantial increases, that in goods being mainly due to large shipments to India and China. Iron and steel show a small decrease in quantity, but a small increase in value, and it is satisfactory to note that the steadiness of the volume of the total of this item is not due to large shipments to any one country, but to a general expansion of business with many countries. The United States has been buying comparatively little lately, but took an increased quantity of tin plates last month, only a little pig iron, old iron and unwrought steel, and hardly any railroad materials.

Proposed Anti-Trust Laws. — Among the multitude of bills introduced in both Houses of Congress to regulate or prohibit Trusts, that by Senator Sherman is a fair sample, declaring all Trusts and combinations in restraint of trade and production unlawful. By his bill, all arrangements, agreements, Trusts, or combinations between persons or corporations, which tend to prevent free competition in the production, growth, manufacture, or sale of articles of domestic growth or production, or in the sale of imported articles, or that tend to increase the cost of such articles to the consumer, are declared unlawful. Persons or corporations under the bill, that are injured by such Trusts, may sue and recover damages in the courts, and corporations taking part in such combinations are to forfeit their franchises.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF A CASHIER.

[CONTINUED.]

If a cashier permit a check to be overdrawn the bank can maintain an action against the drawer. In *Franklin Bank v. Byram* (39 Me. 489, p. 490), Appleton, J., said: "If the cashier, without authority, misappropriates the funds of the bank; if he violates his trust; if he pays away money wrongfully, and that money can be traced into the hands of one cognizant of his breach of trust and participant in his wrong-doings, it is difficult to perceive why redress should be denied the bank. In this view, it is immaterial whether it is paid out on a check or not. If the drawer of the check has no funds, the cashier is under no greater obligation to pay than if it were a mere verbal request. The overdrawing and the payment of the check overdrawn are both wrongful acts. If in such case the money of a bank has been misappropriated by its cashier, without the knowledge or consent of its officers, there is neither law nor equity in permitting the recipient to retain what he has received without right."

The question is important, how is the cashier's authority affected by his own personal interest in matters which concern his bank. In *Bridenbecker*, president of the Frankfort Bank, v. *Lowell* (32 Barb. 9), the cashier and two others indorsed notes on which one of the indorsers was sued. It appeared that money which the bank had received on a foreclosure suit against the maker had been applied by the cashier on the notes which he had indorsed. His successor, who also had been an indorser on other notes, applied more of the money thus received by the bank to extinguish his liability. But the court said that the acts of the two cashiers were insufficient to appropriate the money. "They were the agents of the bank, occupying a confidential relation towards it, and could not act as such in matters in which they had a personal interest." *Id.* 22, the court citing *Story on Agency*, § 210 *et seq.*; *Moore v. Moore*, 1 Selden, 5 N. Y. 256.)

In another case the plaintiff left with a cashier money for the payment of Government bonds, which were to be purchased for him. He took a receipt therefor, signed by the cashier in his own name, dated at the bank, and stating the object of the deposit. Afterward, the cashier informed the plaintiff that he had purchased

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the bonds, which were, by the owner's request, left there for safe keeping. When the interest became due it was paid to the plaintiff, and he gave a receipt *to the bank* for the amount. The plaintiff supposed that he was dealing with the bank, and not with the cashier personally. Having sued the bank for the bonds or for their value, it was determined that the question, whether he intended to deal with the bank or with the cashier personally, was for the jury to decide. Having decided that he intended to deal with the bank, and that it was accustomed to make such contracts, it was held responsible for the amount; and the verdict, after an elaborate review of all the facts and legal questions involved, was sustained. (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333.)

A cashier is sometimes an executor, trustee or agent for interests outside his bank, and the question occasionally arises, when is he to be regarded as the servant of the bank, and when in his other fiduciary capacity. In one case, a cashier who was an executor and general financial manager and custodian of the securities of an estate, purchased four bills of exchange, which had been accepted by the drawees, and were made payable to the drawers, and indorsed by them. The cashier paid for the bills by drawing for the amount on his check as executor, the estate having a sufficient deposit in his bank. Having done this he placed in a box containing the papers of the estate, a memorandum of the transaction. The proceeds of the drafts were applied to the drawers' indebtedness to the bank. The bank having failed a week afterward, the cashier gave to the other executors the box and its contents relating to the estate, except the four drafts, which he claimed were the property of the bank. Moreover, he collected them at maturity, and kept the proceeds separate from other funds. It was decided that the cashier did not act as the bank's servant in purchasing the drafts, but as the agent of the drawers and as executor, and that their proceeds belonged to the estate. (*Tuttle v. Frelinghuysen*, 38 N. J. Eq. 12.)

So, too, if the cashier is executing a trust he cannot become the purchaser of the thing sold. On this subject Chancellor Walworth has remarked: "It is a settled principle of equity that no person who is placed in a situation of a trust or confidence in respect to the subject of the sale, can be a purchaser of the property on his own account." (*Torrey v. Bank of Orleans*, 9 Paige, 649, p. 663, *aff'd* 7 Hill 260.) In applying this rule it has been decided that the cashier of a bank, which was bound to discharge a mortgage in order to relieve the property of a third person from a sale under a decree of foreclosure, could not become the purchaser of the property on his own account, and thereby render the bank liable to indemnify such person for the loss of his property. (*Id.*)

Occasionally the cashier of a bank of deposit and discount also acts as the treasurer of a savings bank, conducting the business of both in the same office. Whenever a loss has occurred the question is not easily answered for which institution was he acting, and which consequently is liable? In one case, by agreement, the savings bank was to receive no money, but all of it was to be deposited in the bank, and corresponding credits were to take the place of actual payments. The same individual that served as cashier of one also served as treasurer of the other; and he transacted the business of both over the same counter, but kept separate books of account. A depositor left money with the treasurer to be deposited in the savings bank to her credit; he entered it in a pass-book of the savings bank, but not on its books. It disappeared. In an action by the savings bank against the other therefore it was decided that while, in receiving the money from the depositor, the receiver acted as treasurer, he also acted as cashier of the other, that it was therefore liable for the amount, even though it never reached the cash drawer, in consequence of the cashier's embezzlement. (*Fishkill Savings Institute v. Bostwick*, 92 N. Y. 564.)

If a cashier make a contract for his bank without authority, which, however, claims the benefit of the same, it thereby ratifies what he has done. (*Medomak Bank v. Curtis*, 24 Me. 36.)

With respect to past transactions of his bank, what information is the cashier required to give to its customers? This question has been thus answered by Chief-Justice Shepley, of Maine: "Neither the cashier nor his sureties undertake that he shall retain in his memory past occurrences and transactions to which he was at the time a party. The most assumed by them is that he shall keep a correct account of them, for exhibition, upon the books of the bank. The books, papers and documents of the bank ordinarily are, and are designed to be, the true exponents of its past transactions. Upon these alone would a bank, or any intelligent dealer with it, consent to rely for information respecting such transactions, with testimony upon oath, if need be, respecting the facts. . . . Being no more matters of duty or of right on the part of a bank than on the part of an individual, its cashier cannot be considered its official or authorized agent to make them, unless they constitute a part of some transaction performed at the time of making them." (*Franklin Bank v. Steward*, 37 Me. 519, pp. 523, 524). In applying this rule, therefore, a cashier's reply to the agent of a surety on a note, who had been sent, after the payday, to inquire concerning its payment, was inadmissible in a suit by the bank against the surety. (*Franklin Bank v. Steward*, 37 Me. 519.)

A different rule on this subject has been announced elsewhere. 'As a general rule,' says Judge Morgan, "the cashier is the mouth-piece of the corporation, and it is his business to respond in behalf of the bank to all inquiries touching transactions growing out of the relations of the bank with its customers." (Morgan, J., in *Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 345.) Consequently, if he should frequently purchase bonds, for example, not only for the bank, but also for the directors and other individuals, his admissions concerning such purchases "would be binding upon the bank." (*Id.* 333, p. 345.)

But a cashier has no incidental authority to make declarations which will bind his bank in matters that are not within the ordinary scope of his duties; for example, he cannot assure a person who intends to indorse a note that is offered for discount that he will incur no risk or responsibility by indorsing it. (*Cocheco National Bank v. Haskell*, 51 N. H., p. 121; *United States v. Dunn*, 6 Peters, 51; *Bank v. Jones*, 8 *Id.* 12.)

Information conveyed to a cashier concerning the business of his bank is regarded as having been conveyed to the institution itself. In *Gaston v. American Exchange National Bank* (29 N. J. Eq. 98), a trustee pledged stocks that were held by him in trust for an individual loan. It received them, "with notice that they were trust property. . . . It made no inquiry, even of the trustee himself, as to his power to pledge the stock." The bank was declared to be "guilty of gross negligence in the transaction," and liable for the amount. The fact that the word "trustee" was written after the name of the borrower on the certificates of stock pledged was "sufficient notice to the bank of the existence of the trust." (See *Sturtevant v. Jaques*, 14 Allen 523; *Shaw v. Spencer*, 100 Mass. 382; *Duncan v. Jaudon*, 15 Wall 165.)

"As a general rule, a corporation is not bound by the acts of its agents unless they come within the general powers conferred upon it by its charter." (Morgan, J., in *Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 343.) Many acts are on the border line; for example, can a bank purchase national bonds for individuals? This question has generally been decided in the affirmative. (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333.)

In one of the cases in which this principle was considered, Morgan, J., remarked: "The tendency of modern decisions is to hold banks responsible for all contracts which are not forbidden by their charters or some positive statute; especially in favor of those who are not supposed to be acquainted with the limitations of their powers." (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 344.)

To the above mentioned rule one exception must be mentioned.

If a bank has had the benefit of the unlawful act, the corporation is bound by the act of the cashier or other agent who performed it. (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 343.)

"Any verbal understanding between the cashier and the directors will not avail to limit his authority when the acts of the cashier are performed over the counter of the bank, and are of a public character, and numerous and long continued. In such a case it is reasonable to presume that they are in conformity with the instructions of the directors. So will the bank be bound by the acts of the cashier if the directors, either through inattention or otherwise, suffer the cashier to pursue a particular line of conduct for a considerable period without objection." (*Beers v. Phoenix Glass Co.*, 14 Barb. 358.) Thus, a bank whose directors permitted the cashier to conduct its business without interference for several years was regarded as having conferred on him authority with respect to third persons, to transact any business which he was not prohibited by the bank's charter from transacting. (Morgan, J., in *Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333, p. 342, citing *City Bank v. Perkins*, 4 Bosw. 428, and *Alleghany City v. McClacken & Co.*, 14 Pa. 83.) So, too, a bank which, through its cashier, purchased bonds to deposit with the government as security for its circulation, and also to keep as a mode of investing its surplus, besides purchasing for other individuals as well as officers of the bank, and which were often deposited there for safety, the cashier collecting the interest and paying over the same to the owners, was liable for the conversion of bonds thus owned by individuals, which the cashier converted to his own use. (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333.)

As an action may be sustained against a banking institution for the acts of its cashier, clerks or other officers, in performing their ordinary duties, or by special direction of the board of directors (*Watson v. Bennett*, 12 Barb. 9; *Yarborough v. Bank of England*, 16 East 6; *Beach v. Fulton Bank*, 7 Cowen 485; *Foster v. Essex Bank*, 17 Mass. 139; *Rehoboth v. Rehoboth*, 23 Pick. 139; *Dater v. Troy Turnpike and Railroad Co.*, 2 Hill, 629), how shall these be defined? "I should answer," said Parker, C. J., "for any which pertain to their official duty; for correct entries in their books, and for a proper account of general deposits; so that if, by any mistake, or by fraud in these particulars, any person be injured, he would have a remedy. If they should rob the vaults of the property of the bank, the company would necessarily lose; . . . and if the bank have become debtors to those who have deposited otherwise than specially, their debts will not be diminished by the fraud; so that in this form they are answerable to depositors; and for the correct conduct of all their servants in their proper sphere of duty."

they are answerable. They may also possibly be answerable for notices to indorsers upon bills and notes left with them for collection if there should be a failure, by the neglect of any of their servants, because they have undertaken to give the proper notices. But even in that case it may admit of a question whether they would be liable any further than attorneys who undertake the collection of debts would be. But they are not answerable for special deposits, stolen by one of their officers, any more than if stolen by a stranger; or any more than the owner of a warehouse would be who permitted his friend to deposit a bale of goods there for safe keeping, and the goods should be stolen by one of his clerks or servants. The undertaking of banking corporations with respect to their officers is that they shall be skillful and faithful in their employments; they do not warrant their general honesty and uprightness." (*Foster v. Essex Bank*, 17 Mass. 479, p. 511.)

The question then arises whenever a cashier has done a wrong thing, was the act in the line of his duty, for which his bank is liable, or was the act outside his official duty, for which it cannot be held? In one case the plaintiff intrusted a bond that she owned to her husband for safe keeping. He delivered it to the cashier of a bank, who placed it in the bank safe and wrote a memorandum, describing the deposit, which he attached to her bank book. It was decided that the cashier did this in the line of his duty, that the bank had knowledge of the ownership of the bond, and consequently that a subsequent transfer of it by the husband to the bank was void. (*Zugner v. Best*, 44 N. Y. Superior Ct. 393.)

In another case, in which the cashier gave a sheriff a bond to indemnify him in selling the property of a creditor of the bank, Allen, J., said: "A cashier, probably, has a general authority to superintend the collection of notes under protest, and to do anything an attorney may do. But he cannot, I apprehend, change the relation of the bank to the debtor, or incur extraordinary liabilities in behalf of the bank, under pretense of attempting to collect its debts. An attorney could not, by a direction to a sheriff to levy upon property of third persons, bind his client to respond to the sheriff by way of indemnity, or to the injured party, in an action of trespass. A cashier having the same powers, and no other or greater, unless specially conferred, his principal is not responsible for his tortious acts. The court may probably take notice of the general nature of the duties of a cashier in and about the banking office, and without evidence of usage or express authority, hold him authorized to do all incidental acts necessary to the performance of these general duties; but farther they ought not to go. If power to execute a paper like this in behalf of, a bank is claimed to exist, it should be shown." (*Benedict v. Lansing*, 5 Denio 283; *Watson v. Bennett*, 12 Barb. 196.)

But if a cashier receive money for a third party, for example, from the maker of a note left with the institution for collection, it is liable for a misapplication by the cashier. In the case of the *Town of Concord v. Concord Bank* (16 N. H. 26, p. 31), which was of this nature, the court declared that the acts of the cashier were the acts of the bank, "while acting as their agent and within the scope of his authority, and any misapplication by him was a misapplication by the bank itself, of which they can hardly be heard to complain." So if a bank, through its cashier, should purchase Government bonds for customers and retain them for safety, but should neglect to keep a record of them and they should be lost, the bank would be liable therefor. (*Caldwell v. National Mohawk Valley Bank*, 64 Barb. 333.)

If a cashier should commit a tort or wrong upon his own responsibility, without special authority from the directors, though acting within the general authority conferred on him by usage or by law, he would be liable. (*Watson v. Bennett*, 12 Barb. 196.) Says Allen, J., in *Watson v. Bennett* (*Id.* p. 196): "In torts, all actors are liable for acts done by them, or by their special directions. All persons who direct or assist in committing a trespass are in general liable as principals, though not benefited by the act; and an agent or servant is equally liable as his principal, whether the tortious act be done by the authority of his master or not." But if a cashier were a mere instrument in doing a thing he would not be liable, "any more than do the president and cashier of a bank by signing [its] bills become personally responsible for their redemption." (*Id.* p. 199.) Perhaps it may be difficult to determine, in some cases, whether he is thus acting as a mere instrument, and is not liable; or is acting otherwise, and liable for his conduct. (*Id.*)

A cashier must exercise reasonable skill and ordinary care and diligence in discharging his duties. If he fail in these regards, and his bank suffers in consequence, he is liable. And much more is he liable for damage caused by an illegal, fraudulent and tortious act. (*Commercial Bank v. Ten Eyck*, 48 N. Y., 305 aff'g 50 Barb. 9.) But if he exercises such skill and care, and especially when acting under the direction of the president, who is the managing officer, he is not liable. (*Id.*) Thus, in giving to a debtor who "was supposed to be perfectly responsible and honest," a part of his security by direction of the president, and for the purpose of enabling the debtor to raise the money to pay his loan, though keeping nearly enough to pay the loan, the cashier did not act improperly. "The whole transaction," said the court, "was not an extraordinary one, and might well have occurred between the vigilant officers of any bank and a person of the standing and position occupied by" the debtor. (*Id.*)

A cashier sent securities belonging to his bank to responsible brokers for sale, and drew against them for a portion of their value. The draft was accepted and paid. He negligently omitted to inquire after the securities or to collect the balance of the money. The brokers, though knowing the bank's interest in the bonds, wrongfully applied the balance on a claim against the pledgor. The bank sued the cashier but failed to recover, the court holding that it had sustained no loss from his negligence, as the brokers were responsible. (*Commercial Bank v. Ten Eyck*, 48 N. Y. 305 aff'g 50 Barb. 9.)

"Bank officers are but agents of the corporation, and, if they transcend or abuse their powers are as much responsible to their principal as are the agents of the principal." (Beardsley, J., in *Austin v. Daniels*, 4 Denio 299, p. 301.) And if a cashier take its money for his own private use, he is liable, though doing so with the assent of the president, who has the principal charge and management of the bank. Such action by the president may also render him equally liable, but does not protect the cashier. (*Id.*)

If a bank teller knowingly assist the cashier or other officer in embezzling the funds of the bank he is responsible for the loss. In *Hobart v. Dowell*, 38 N. J. Eq. 553, p. 565, Judge Dixon said: "Some of the cashier's transactions were of such a nature that it is difficult to believe that the teller was not apprised of their dishonest or unauthorized character, yet nevertheless he lent himself to their furtherance by actually delivering to the cashier the money which he asked for, and concealing the facts beneath false statements in his accounts. For knowingly assisting in such an abstraction, the teller would be as responsible to the bank as if he had spent the money himself. He was an officer of the bank, having certain prescribed duties, for the faithful performance of which he was bound directly to the corporation. No orders of the cashier could exculpate him in the breach of those obligations. Within the scope of the cashier's authority, and so long as he was apparently acting on behalf of the corporation, the cashier's directions might control the teller, and the latter might not be required to look beneath the surface of his superior's acts. But when he was led to believe that the cashier was violating his own duty to the bank, and was taking the bank's funds for his own ends, irregularly, and without authority from the directors, the teller had no more right to aid in or connive at such misappropriation than if it were being perpetrated by a stranger. The same principle would hold if the embezzler were a director or the president."

The question is quite important, what are the powers of a clerk who, during the cashier's absence, is acting in that capacity?

In *Potter v. Merchants' Bank* (28 N. Y. 641, p. 650) Mullin, J., remarked that "the cashier could not clothe him with any more of his power than was necessary to enable the latter to carry on the usual and ordinary business of the bank." In that case the clerk, "in the absence of the cashier, had authority, undoubtedly, to pay checks, receive payment of notes and surrender them to the persons entitled, and, in a word, to do whatever was necessary and proper to be done in the ordinary course of business." "I do not doubt," Judge Mullin continued, "but that [the clerk] had power to transmit notes owned by the bank, or held by it for collection, and payable in other places, or at other banks, to its agents for that purpose, and as, in order to do so, it becomes necessary to indorse the paper for the bank, he had power to make such indorsement. But he had no power to pledge its securities, unless they become pledged by the mere act of transmitting for collection."

[TO BE CONTINUED.]

RESPONSIBILITY OF BROKERS FOR MISAPPLIED FUNDS OF CORPORATIONS BY DISHONEST OFFICERS.

A decision of great importance to bankers and brokers was recently rendered in this city by Judge Wallace, of the United States Circuit Court denying the motion to set aside the verdict and grant a rehearing in the suit of Henry J. Anderson, Receiver of the Bank of Albion, New York, against Kissam, Whitney & Co., the brokers. The Judge lays down some principles that will interest bank officers, brokers, and the public generally.

Albert J. Warner, the president of the Bank of Albion, defaulted in August, 1884, and it was discovered that he had misappropriated over \$300,000 worth of the bank's funds. He had been speculating in stocks, using Kissam, Whitney & Co.'s predecessors as agents, and drawing the bank's checks to their order on the Third National Bank of this city, with which the Bank of Albion kept an account. The brokers collected the checks and placed them to Warner's credit on their books. The jury on the trial awarded the Receiver \$147,729, the amount of the transactions, with interest.

Judge Wallace in his decision says: "In some respects this is a hard case for the defendants. If the verdict stands, they are made responsible to pay over a very large sum of money, which

came to their hands to be invested and handled for another person in consideration of a small commission, which they paid back to the person from whom they received it, and there is no reason to suppose that they had any active or defined purpose when they received it, or at any time, to defraud the complainant in any way. It is altogether likely that they could have shown, if they had been permitted, by the testimony of any number of respectable bankers and brokers, that it is every-day practice in Wall street for those in their line of business to buy and sell stocks for bank presidents and cashiers who are speculating there, and to accept drafts and negotiable paper of the corporations of those officers made by them officially in payment of the margins or purchase money. It is not improbable that they might have produced plenty of credible witnesses to show that such transactions are so frequent and common in Wall street that they do not attract special notice, and do not usually excite a passing suspicion that they are irregular or improper. In this view of the case it may be that the defendants are not to be regarded as intentional wrongdoers, but as victims of an unfortunate and fatal environment.

"Law, however, deals with acts, testing the intention by the necessary consequences of conduct, and pronounces them fraudulent irrespective of the moral degree of turpitude of the offender, or any moral turpitude whatever, whenever they contravene its rules. Consequently, although the defendants may have been morally innocent, and although their conduct may have been sanctioned by the uniform and universal custom of Wall street, the question nevertheless is, whether it was legally right and honest for them to take the checks in question in payment of the personal obligations of the bank officer who made them. No usage, however common and well recognized, can be invoked to justify a banker or anyone else in taking money or negotiable paper in payment of an agent's debt known to belong to his principal, or known to belong to a trust estate, to satisfy the trustee's personal debt, or to shield bankers who willfully close their eyes and shut their ears to facts and circumstances which impart notice that the agent or trustee is misappropriating the money or property intrusted to him. Therefore, if there is any significance in the fact that a bank president or cashier offers negotiable paper of his corporation, made by himself in his official character, in payment of his personal debt or to raise money for his personal use, it matters not that bankers generally do not appreciate it.

"If they regard the transaction as equivalent to one in which an individual comes with money in hand they ignore its real

character. In that case he comes with what purports to be his own, having the possession which implies title and the right to use. When he comes with the money obligation of a corporation, which is the contract of the corporation only because he has made it, and which is not its contract if he has made it without authority, the transaction is very different. Every person who takes such an obligation must ascertain at his peril that the agent who has made it was authorized to do so, and the moment that it appears that the contract has been made for the agent's own use and benefit, that moment his authority is impeached. No principle of the law of agency is better settled than that no person can act as the agent for another in making a contract for himself.

"Therefore it is that a bank president or cashier has no implied authority to bind his corporation to negotiate paper made for his own use; and if it appears upon the face of the paper that it is payable to the individual who has made it in an official capacity the obligation is nugatory and no purchaser can enforce it."

NEW YORK THE NATURAL DEPOSITORY OF CANADIAN BANKS.

The recent discussion by the Canadian and American press of the practice of making New York the depository of Canadian banks, has been needlessly acrimonious. New York being the financial center of this continent, it is as natural that money should center here, where all exchange is made for the New World, as that it should center in London for all Europe, because the exchanges of the Old World and the New as well are made there. Canadian interests are rather conserved than injured by this natural outlet for her idle capital here, where it can be employed, as it evidently cannot be at home, or it would not come here.

The *Montreal Gazette* has taken this ground, and, in answer to the criticism of the Canadian banks by a correspondent, it says:

"If the critic would free his mind from the erroneous impression that the balances retained in New York by Canadian banks are there employed in commercial loans, that is to say, in discounting trade paper having a currency of three to six months, he would obtain a truer understanding of the character and effect of the practice at which he cavils. It is true that at the moment the balances in New York are abnormally large, arising, as we have before explained, from the deposit with the banks of the proceeds of Government and railway loans, exchange drawn against which has been sold in New York. These are to some extent temporary deposits, which no banker would be so rash as to treat as a

safe basis for enlarging commercial loans in Canada. We will assume, however, that the twenty-five millions held in the United States are transferred to the bank vaults in Canada; does the correspondent imagine that the money would be more available for loans in this country than now? Does he not know that it is not gold, but paper notes, the banks pay over the counters to borrowers, and that these twenty-five millions of gold are quite as available as a reserve in time of need when held in New York as when held in Montreal?

"There is another point which may be observed. Bank reserves are not employed in commercial loans; the moment that is done they cease to be reserves. Now, it is necessary to maintain a good cash balance, always available to provide against contingencies, for if that were not done, misfortune and panic would hardly ever cease knocking at the doors of our banks. To provide against a sudden withdrawal of deposits, to protect commercial borrowers, to facilitate foreign exchange operations—for these purposes a gold reserve must be maintained, and it is of little consequence to the commerce of the country, though of importance to the convenience of the banks, whether this reserve is held in New York or Montreal. The critic does not venture to dispute the safety of the money in the United States, and since it is reserve cash, not to be employed in commercial loans, the place of deposit is of no concern. The excess of the reserve beyond a safe minimum may be employed in discounts if an avenue can thus be found, and there is no doubt that the \$5,000,000 recently deposited with the banks by the Government would have been loaned in Canada had a demand prevailed. The correspondent should prove the existence of a stringency in the Canadian money market, before he undertakes to criticise the policy of retaining a larger reserve in New York than prudence requires, and we are quite sure he will place our bankers under a debt of obligation if he will show them how they can profitably employ their surplus capital in this country consistently with banking principles and ordinary precautions of safety."

COMPARISON OF BRITISH AND AMERICAN PRICES FOR 1888.

The comparison of British and American prices for the first half of 1888 has been made by the London *Economist*. The British statement embraces only 35 quotations of 22 distinct classes or commodities, which are treated as of equal importance in the averages. The American comparison embraces quotations of several hundred articles, and each is allowed its relative importance. Yet for the first half of 1888 the decline in British prices was 7.00 per cent., while the decline in American prices was 7.13 per cent. British wheat was a shade higher July 1st than January 1st, while American wheat declined from 91¼ cents to 86¾ cents, because of the difference in ocean freights. British wool declined nine per cent., and American wool has declined, but not so much, while the Australian wool, which may be supposed to have affected both markets by its large importations, was actually higher in London June 30 than December 31st. Iron and steel products have fallen in both markets, and yet British steel rails have advanced about \$1.25 per ton since May 1st, while American rails have not advanced at all. Tin has dropped 54.8 per cent. in London, and at New York only 53.1 per cent., though this market is entirely dependent upon London. In the price of cotton there is not exact correspondence, though the English market is dependent upon the American.

TAXATION.

SUPREME COURT OF THE UNITED STATES.

National Bank of Redemption v. City of Boston.

Taxes levied under Pub. St. Mass. c. 13, § 8, which provides that all bank shares shall be assessed at their cash value, and at the same rate and no greater than other moneyed capital in the hands of citizens is by law assessed, are not invalid, either under St. Mass. or Rev. St. U. S. § 5,219, because, under statutory provisions, the tax on savings banks is based on the amount of their deposits, excepting deposits invested in loans secured on taxable real estate, since savings banks, being substantially public institutions, under public management, are organized for the purpose of investing the savings of small investors, and not for banking purposes in the commercial sense.

A tax levied under Pub. St. Mass. c. 13, § 8, which provides that bank shares shall be assessed at their cash value, is not in violation of Rev. St. U. S. § 5,219, or unconstitutional, by reason of the tax being "at a greater rate than other moneyed capital in the hands of citizens," because disproportionate and unequal to the tax imposed, under Pub. St. Mass. c. 13, relative to the taxation of the corporate franchise of corporations, excepting banks, on life insurance companies, based on the number of its policies, on trust and like companies, based on the amount of its deposits, and on telephone companies, based on the number of telephones used by it, these corporations not being banking institutions, and the investments made by them, their only capital, not being "moneyed capital in the hands of citizens."

Under Rev. St. U. S. § 5,219, which provides that all the shares of any banking association may be included in the valuation of the personal property of the owner or holder in the State within which the association is located, but each State may determine the manner of taxing the shares of national banks, a State may tax the shares of a national bank without regard to their ownership, the shares of stock of a national bank owned by another national bank, by reason of such ownership, not being exempt.

MATTHEWS, J. This is an action at law brought by the plaintiff in error, a national bank located in Boston, to recover from the city of Boston the amount of \$14,464, paid to the tax collector of the city, upon demand, he then holding a tax-list and warrant for its collection, after a protest in writing; being an amount which it alleges was illegally assessed on its shares at \$12.80 per \$1,000 of valuation, in violation of section 5,219 of the Revised Statutes, of the fourteenth amendment to the constitution, and of the provisions of the constitution of the State of Massachusetts. The cause was submitted to the court without the intervention of a jury. Judgment was rendered in favor of the defendant upon an agreed statement of facts. That judgment is brought here upon this writ of error. The tax in question was levied under chapter 13 of the Public Statutes of Massachusetts, relative to the taxation of bank shares, as follows:

"Sec. 8. All the shares of stock in banks, whether of issue or not, existing by authority of the United States or of the Commonwealth, and located within the Commonwealth, shall be assessed to the owners thereof in the cities or towns where such banks are located, and not elsewhere, in the assessment of all State, county, and town taxes imposed and levied in such place, whether such owner is a resident of said city or town or not; all such shares shall be assessed at their fair cash value on the 1st day of May, first deducting therefrom the proportionate part of the value of the real estate belonging to the bank, at the same rate and no greater than that at which other moneyed capital in the hands of

citizens and subject to taxation is by law assessed. And the persons or corporations who appear from the records of the banks to be owners of shares at the close of the business day next preceding the 1st day of May in each year, shall be taken and deemed to be the owners thereof for the purposes of this section.

"Sec. 9. Every such bank or other corporation shall pay to the collector, or other person authorized to collect the taxes of the city or town in which the same is located, at the time in each year when other taxes assessed in the said city or town become due, the amount of the tax so assessed in such year upon the shares in such bank or other corporation. If such tax is not so paid, the said bank or other corporation shall be liable for the same; and the said tax, with interest thereon at the rate of twelve per cent. per annum from the day when the tax became due, may be recovered in an action of contract brought by the treasurer of such city or town.

"Sec. 10. The shares of such banks or other corporations shall be subject to the tax paid thereon by the corporation or by the officers thereof, and the corporation and the officers thereof shall have a lien on all the shares in such bank or other corporation, and on all the rights and property of the shareholders in the corporate property, for the payment of said taxes."

From these sections it appears that (1) the shares in national banks are to be assessed at their fair cash value, after deducting therefrom the proportionate part of the value of the real estate belonging to the bank. (2) They are to be assessed at the same rate and no greater than that at which other moneyed capital in the hands of citizens and subject to taxation is by law assessed. (3) The bank itself, as a corporation, is made liable in the first instance for the payment of the taxes so assessed upon its shares belonging to its shareholders. (4) If not paid when due, the bank is liable to an action for the recovery of the same, brought by the treasurer of the city or town in which it is located, with interest thereon at the rate of twelve per cent. per annum from the day when the tax became due. (5) For the payment of said taxes the corporation has a lien on all the shares in the bank, and on all the rights and property of the shareholders in the corporate property, as an indemnity. It further appears, from a comparison of the statutes on the subject, that the action given by section 9, for the recovery of the taxes, with interest at twelve per cent. per annum, is the only mode of collection provided in case of default, no power being given to any collecting officer to proceed by distraint or other seizure of the property of the bank or the shares of the stock for that purpose. Chapter 11, Pub. St. Mass., provides that personal property, for the purposes of taxation, shall include goods, chattels, money, and effects, wherever they are, money at interest, and other debts due the persons to be taxed more than they are indebted or pay interest for, but not including in such debts or indebtedness any loan or mortgage of real estate, taxable as real estate, except the excess of such loan above the assessed value of the mortgaged real estate; public stocks and securities; stocks in turnpikes, bridges, and moneyed corporations within or without the State; the income from an annuity, from ships and vessels engaged in the foreign carrying trade, and so much of the income from a profession, trade, or other employment as exceeds the sum of \$2,000 a year; but no income shall be taxed derived from property subject to taxation, and no taxes shall be assessed upon the shares in the capital stock of a corporation organized or chartered in the Commonwealth, which pays a tax upon its corporate franchises, except for school, district, and parish purposes. It is not

disputed but that, under these and other provisions of the law, all personal estate, included within this enumeration, and real estate, are taxable, and were taxed, upon their fair cash value at the same rate of \$12.80 for each \$1,000 of value levied during the same period upon shares of capital stock of national banks located in Boston. The amount of personal property in the city of Boston, taxed during that period and at that rate, is stated to be \$189,605,672. The aggregate value of shares in national banks in that city for the same year was \$60,428,000.

Corporations chartered by the Commonwealth or organized under general laws, for purposes of business or profit, having a capital stock divided into shares, excepting banks, are subject to a tax upon their corporate franchises. For purposes of taxation, the law requires the corporate franchise in each case to be estimated at a valuation thereof equal to the aggregate value of the shares in its capital stock. The rate of taxation is determined by an apportionment of the whole amount of money to be raised by taxation upon property in the Commonwealth during the same current year, as returned by the assessors of the several cities and towns, upon the aggregate valuation of all the cities and towns for the preceding year. From the valuation of the corporate franchise there is to be deducted, in case of railroad and telegraph companies whose lines extend beyond the limits of the Commonwealth, such a portion of the whole valuation of their capital stock as is proportional to the length of that part of their line without the Commonwealth, and also an amount equal to the value of their real estate and machinery located and subject to local taxation within the Commonwealth; the same deduction as to real estate and machinery being made in case of other corporations. Savings banks are required to pay to the treasurer of the State a tax, on account of their depositors, of one-half of one per cent. per annum on the amount of their deposits, excluding so much of the deposits as are invested in real estate used for banking purposes, or in loans secured by mortgages on taxable real estate, and also for a certain period so much of the deposits as are invested in real estate, the title to which has been acquired by the completion of foreclosure or by purchase, and such deposits so taxed are otherwise exempt from taxation in the hands of their owners. Life insurance companies are required to pay an excise tax at the rate of one-quarter of one per cent. per annum upon a valuation equal to the aggregate net value of all policies, in force on the last day of the year next preceding, held by residents of the Commonwealth. All other insurance companies pay a tax by way of excise of one per cent. on all premiums received during the year for insurance, and one per cent. on all assessments made by such companies upon policy-holders. The Massachusetts Hospital Life Insurance Company is required to pay a tax upon all deposits, trust funds, or funds held for purposes of investment, except upon deposits invested in loans secured by mortgages on taxable real estate, the same rate of tax imposed upon savings banks on account of deposits; and the same rule applies to all trust companies, safe deposit and trust companies, banking and trust companies, loan and trust companies, and other moneyed corporations incorporated in the Commonwealth. The American Bell Telephone Company is subjected to a franchise tax, based upon an apportionment made upon the number of telephones in use by it, or under its authority, or with its permission, or under letters patent owned or controlled by it, within and without the Commonwealth, respectively, deducting the market value of all stocks in other corporations held by it, upon which a tax has been assessed and actually paid, either in Massachusetts or in other States, for the preceding year. Savings banks,

under the laws of the Commonwealth, are authorized to receive deposits from any person until they amount to \$1,000, and to allow interest thereon to be compounded until the principal with the accrued interest amounts to \$1,600, no interest to be paid on any greater sum. The deposits are to be invested only as follows: (1) In first mortgages of real estate situated in the Commonwealth to an amount not to exceed sixty per cent. of the valuation of such real estate, but not exceeding seventy per cent. of the whole amount of deposits. (2) In public funds of the United States and of certain enumerated States and municipal corporations, or in the notes of any citizen of the Commonwealth secured by a pledge of any such securities at their par value. (3) In the first mortgage bonds of certain descriptions of railroad companies, or in the notes of any citizen of the Commonwealth, secured by a pledge of any such securities at not less than eighty per cent. of the par value thereof. (4) In certain bank stocks, including the stocks of national banks located in the New England States, or on the notes of any citizen with such bank stocks as collateral security, at not more than eighty per cent. of the market value thereof, and not exceeding the par value thereof, but the amount of such investments in such bank stocks is specifically limited. (5) In loans upon the personal notes of depositors of the corporation, not exceeding one-half of the amount of the deposit, in which case the deposit is held as collateral security for the payment of the loan. (6) If the deposits cannot be conveniently invested in the modes heretofore named, not exceeding one-third part thereof may be invested in bonds or other personal securities payable at a time not exceeding one year, with at least two sureties, all of whom are to be citizens of the Commonwealth and residents therein. (7) Ten per cent. of the deposits of any such corporation, not exceeding \$200,000, may be invested in the purchase of a suitable site and building for the transaction of its business. (8) Any such corporation may hold real estate acquired by the foreclosure of any mortgage owned by it or by purchase at sales made under the provisions of any such mortgage, or for the satisfaction of debts due to it, but all such real estate shall be sold within five years after the title is vested in the corporation.

The particular in which the plaintiff in error chiefly insists that the tax imposed upon its shares is at a greater rate than that assessed upon other moneyed capital in the hands of individual citizens of Massachusetts is the alleged inequality existing in favor of that imposed upon savings banks. The contrast, of which this inequality is the result, is stated to be as follows, viz.: That in 1885 a tax of \$1,564,995 was collected upon national bank shares in Massachusetts of the value of \$113,000,000, while upon \$163,000,000 of savings bank deposits in the same year there was collected as a tax only \$815,930. In view of the state of the question, as fixed by the previous decisions of this court, it is, not, perhaps, very material now to inquire whether this alleged contrast between the taxation of national bank shares and of savings banks in Massachusetts is real or only apparent. There are several particulars which might be mentioned, and which, when properly allowed for, would certainly reduce the apparent inequality. There is only one, however, which we deem it important to notice. The tax on savings banks is based upon deposits merely. This is because deposits furnish the only capital which is invested and employed. The institutions themselves, although corporations, have no capital stock, and are managed by trustees, not selected by the depositors, but by public authority. The whole amount of the deposits, with the exceptions noted, are subjected to a tax of one-half of one per cent. On the other hand, the national banks

pay a tax assessed upon the market value of the shares as personal property, upon a valuation, and at a rate exactly equal to that of all other personal property subject to taxation in the State. But shares of the national banks, while they constitute the capital stock of the corporations, do not represent the whole amount of the capital actually employed by them. They have deposits, too, shown in the present record to amount, in Massachusetts, to \$132,042,332. The banks are not assessed for taxation on any part of these, although these deposits constitute a large part of the actual capital profitably employed by the banks in the conduct of their banking business. But it is not necessary to establish the exact equality in result of the two modes of taxation. The question of the exemption from taxation of deposits in savings banks, as affecting the rule for the State taxation of national bank shares, was very deliberately considered by this court in the case of *Bank v. New York*, 121 U. S. 138, 160, 7 Sup. Ct. Rep. 826, and the conclusion reached in that case was reaffirmed in the case of *Bank v. Board of Equalization*, 123 U. S. 83, 8 Sup. Ct. Rep. 73. In the former case deposits in savings banks in the State of New York to the amount of \$437,107,501, with an accumulated surplus in addition of \$68,669,001, were exempted by the laws of the State from all taxation, neither the bank itself nor the individual depositor being taxed on account thereof. It was said in that case (page 161): "However much, therefore, may be the amount of moneyed capital in the hands of individuals in the shape of deposits in savings banks as now organized, which the policy of the State exempts from taxation for its own purposes, that exemption cannot affect the rule for the taxation of shares in national banks, provided they are taxed at a rate not greater than other moneyed capital in the hands of individual citizens, otherwise subject to taxation." It is impossible, in our judgment, to distinguish the present from the case of the New York savings banks, or those of Iowa considered in the case of the Davenport bank. The principal distinction, indeed, between the case of the New York savings banks and those of Massachusetts, involved in the present inquiry, is that the latter pay a tax of one-half of one per cent. on the amount of their deposits, while the New York banks were exempt from all taxation whatever. The argument on behalf of the plaintiff in error, indeed, seeks to establish another distinction. It is alleged that, in Massachusetts, savings banks are permitted to transact a banking business in the way of loans upon personal securities, which assimilates them more closely to national banks, and takes away the reason for the application of the rule to them which was applied to the case of the savings banks of New York. But the difference mentioned, if it exists at all, is immaterial; the main purpose and chief object of savings banks, as organized under the laws of Massachusetts, are the same as those in New York, as considered in the case of the Mercantile Bank. They are substantially institutions, under public management, in pursuance of a great and beneficial public policy, organized for the purpose of investing the savings of small depositors, and not as banking institutions in the commercial sense of that phrase. We adhere to the rule as declared in the cases heretofore decided, which forecloses further discussion as to the present point in this case. A similar objection to the tax in question, founded on a comparison of the taxation of national bank shares with that of insurance companies and trust companies, the American Bell Telephone Company, and the Massachusetts Hospital Life Insurance Company, is equally untenable. Within the definition of that phrase, established in the case of *Bank v. New York*, 121 U. S. 138, 7 Sup. Ct. Rep. 826, the interest of individuals in these institutions is not moneyed capital. The

investments made by the institutions themselves, constituting their assets, are not moneyed capital in the hands of individual citizens of the State. *People v. Commissioners*, 4 Wall. 244. It is further contended, however, on the part of the plaintiff in error, that the taxation in question is not only at a greater rate than that imposed upon other moneyed capital held by individual citizens, but that it is repugnant to the fourteenth amendment to the constitution of the United States, because it operates to deny to the tax-payer the equal protection of the laws, and also that it is disproportionate and unequal, in violation of the provisions of the constitution of Massachusetts. The two branches of this proposition are equivalent; if the tax is not disproportionate and unequal, within the meaning of the constitution of the State, the tax-payer is not denied the equal protection of the laws within the sense of the fourteenth amendment. The point is fully met by the reasoning and judgment of the supreme judicial court of Massachusetts, in the cases of *Institution for Savings v. City of Boston* and *Jewell v. City of Boston*, 101 Mass. 575, 585.

Another point to be noticed arises upon the third count of the declaration. It is therein alleged that other national banking associations, some located in Massachusetts and others in the several New England States, are the owners of 1,448 shares of the capital stock of the National Bank of Redemption, on which the amount of tax paid was \$2,051. It is urged in argument that these shares are not taxable by virtue of section 5,219 of the Revised Statutes. The language of the section is: "Nothing herein shall prevent all the shares in any association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located; but the Legislature of each State may determine and direct the manner and place of taxing all the shares of national banking associations located within the State, subject only to the two restrictions: that the tax shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere." It is contended that no tax is thereby authorized upon the national bank itself as a corporation, nor upon the personal property of any such, and that, therefore, these shares in the National Bank of Redemption are exempt from taxation by virtue of their ownership. This, however, is not a reasonable interpretation of the language of the section. The manifest intention of the law is to permit the State in which a national bank is located to tax, subject to the limitations prescribed, all the shares of its capital stock, without regard to their ownership. The proper inference is that the law permits, in the particular instance, the taxation of the national banks owning shares of the capital stock of another national bank by reason of that ownership, on the same footing with all other shares. Other questions have been raised by counsel for the defense. The right of the plaintiff to sue is denied on the ground that the right of action belongs to the owners of the shares taxed; the right of recovery is denied on the ground that the payment by the plaintiff was voluntary, and the right of action, if it exists, it is alleged is against the collecting officer, and not the city of Boston. These questions we have not considered it necessary to examine or decide, preferring to rest our judgment upon the validity of the tax.

The judgment of the Circuit Court is accordingly affirmed.

Bradley, Gray, and Blatchford, JJ., did not sit in this case or take any part in the decision.

LIABILITY OF DIRECTORS.

SUPREME COURT OF TEXAS.

Scale v. Baker, et al.

The directors of a bank are personally liable, at the suit of a depositor, for damages by reason of the insolvency of the corporation, when the depositor is induced to place money in the bank solely by the false representations of its solvency, made by such directors, whether such representations are made with the intent to defraud or not, where the directors, by the use of ordinary care, might have known that such representations were false.

ACKER, J. The court below sustained general demurrers to the petition, and dismissed the suit, from which judgment this appeal is taken. It now devolves on us to determine whether or not, on the case stated in the petition, appellant is entitled to recover. It is alleged in the petition that on the 19th day of December, 1885, and for one year preceding that date, appellees were directors of the banking corporation, "The City Bank of Houston," actively directing and controlling its affairs and the conduct of its said business, and represented themselves and were generally and publicly known as such, and well knew and ought to have known, and by the use of ordinary care, such as it was their duty to have exercised, might have known, all and singular the particulars and condition of said corporation in respect to the matters hereinafter mentioned, at the time when they severally transpired and took place. That during the period aforesaid the said defendants, who were all well and publicly known as possessed of remarkable business capacity, carried on the business of said bank, and held it out to the public as of undoubted financial ability and deserving of public confidence, and daily and continuously caused to be published, by their authority and direction, in the interest and behalf of said bank, advertisements in the *Houston Daily Post*, a daily newspaper and journal of general and wide circulation throughout the State of Texas and elsewhere, published in said city of Houston; and in the city directory of the city of Houston, a printed book of reference in general public use; and upon conspicuous sign-boards kept and exposed to the public at and near the door of the place of business of said bank; and upon printed letter-heads, upon and with which the business correspondence of said bank was conducted, and so generally circulated among all persons, including this plaintiff, having any transactions or correspondence with said bank, advertisements, statements, and representations to the effect and in substance that the said bank had a capital of \$500,000, was in sound financial condition, fully solvent, and wholly reliable, and well deserving of public trust and confidence. That in truth and in fact the said advertisements, statements, and representations, so caused to be published by said defendants, were, at the time they were severally so published, wholly false and untrue, and the said bank, at the same time, did not have a capital of \$500,000, and was not in sound financial condition, nor solvent, nor reliable, nor in any manner or wise deserving of public trust and confidence; but, on the contrary, had long before lost all of its capital, and a greater portion of its funds and assets which had come into its hands from its creditors, depositors, and customers, and was and long had been hopelessly and irretrievably insolvent; for

several years its current expenses had exceeded its earnings; its affairs had been and continued thereafter growing daily worse; it had been and then was and thereafter continued doing business upon a wholly fictitious credit; and from and after September 20, 1885, if not before that time, all reasonable hope and prospect of retrieving its solvency was utterly gone, and it was a mere question of a very short time when the true condition of said bank would necessarily become notorious, and it would be compelled to suspend business, to the great loss of its creditors and customers, and in the exercise of good faith and justice to the public its business should have been suspended and wound up long before the 8th day of December, 1885. That plaintiff read and believed said advertisements, statements, and representations; and, relying thereon and induced thereby, and not otherwise, he did, on the 8th day of December, 1885, place in said bank for collection, and to be placed to his credit, a draft for \$2,500, which was collected by said bank, and the proceeds placed to his credit therein as a customer of said bank. That on the 19th day of December said bank closed its doors, and suspended business in a wholly insolvent condition, whereby plaintiff has sustained damage. It is also alleged that said "false advertisements, statements, and representations were caused to be published by said defendants with intent to deceive, and they did deceive, the public and plaintiff, as to the true condition of said bank, and to induce the public and plaintiff to confide in and extend credit to and make deposits in said bank." It is further alleged that said advertisements, statements, and representations were published as aforesaid, in pursuance of a common design on the part of said defendants, in which they all joined, to give said bank a fictitious credit, wholly unwarranted in fact, and to induce thereby the public and this plaintiff to extend credit to, and to make and to keep deposits in said bank, and that from and after the 20th day of September, 1885, the said defendants had no hope, in reason or fact, of restoring said bank to solvency, or of in any wise improving its condition; and its further continuance in business was by them designed and effected merely for the purpose of enabling certain of said directors to save themselves in respect of transactions with said bank upon which they claimed said bank was liable, directly or indirectly, to them, and this at the expense and sacrifice of such persons as might happen to have funds in said bank when such design should be accomplished; and all the deposits received and credits contracted by said bank from the said 20th day of September, 1885, until its suspension, were received and contracted without any prospect of making good or paying such liabilities, except partially only, and in so far as they might happen to be withdrawn and demanded in current transactions before the purpose aforesaid of continuing said business should be accomplished. That the transactions aforesaid, which were designed to be protected and secured by the further continuance of the business of said bank, consisted of pretended loans of money and accommodation paper by the said William R. Baker and Robert Brewster and S. K. McIlhenny, and by the McIlhenny Company, a corporation whereof the said S. K. McIlhenny was and still is the president, manager, and principal stockholder.

For the purpose of promoting conciseness and simplicity we formulate the questions involved in this appeal as follows: (1) Are the directors of a banking corporation personally liable, at the suit of an individual depositor, for damages sustained by reason of the insolvency of the corporation, when the depositor is induced to place money in the hands of the corporation solely by representations of solvency made to the general public by the directors, who ought to have known, and by

the use of ordinary care, such as it was their duty to have exercised, might have known, that such representations were false? (2) Are such directors so liable to such depositor when such false representations are knowingly made with intent to defraud the public generally? (3) Are such directors so liable when such false representations are made in pursuance of a fraudulent combination and common design upon their part to give to the corporation a fictitious credit, that the business might be continued for the purpose of enabling such directors to collect certain pretended loans claimed to have been made by them to the corporation? If either of these questions is answered in the affirmative, it follows that the court erred in sustaining the demurrers, and the judgment must be reversed. After a more than ordinarily careful investigation, we conclude that each and all of them must be answered affirmatively, which dispenses with the necessity for a separate discussion of each; for, if appellees are liable under the circumstances stated in the first, *à fortiori* they are liable under the circumstances stated in the second and third of these questions.

Directors of banking corporations occupy one of the most important and responsible of all business relations to the general public. By accepting the position, and holding themselves out to the public as such, they assume that they will supervise and give direction to the affairs of the corporation, and impliedly contract with those who deal with it that its affairs shall be conducted with prudence and good faith. They have important duties to perform towards its creditors, customers, and stockholders, all of whom have the right to expect that these duties will be performed with diligence and fidelity, and that the capital of the corporation will thus be protected against misappropriation and diversion from the legitimate purposes of the corporation. Customers are invited to business relations, and are induced to accept and act upon such invitation by the representations that the institution is solvent and owns a certain amount of capital, and that this capital is under the supervision and control of certain directors. It is the duty of directors to know the condition of the corporation whose affairs they voluntarily assume to control, and they are presumed to know that which it is their duty to know, and which they have the means of knowing. If the representations are false, but relied and acted on by a customer to his damage, to hold that in such case the directors who made such false representations are not liable because they were ignorant of the falsity of the representations, would be to award a premium for negligence in the performance of important and almost sacred duties voluntarily assumed, and to license fraud and deception of the most flagrant and pernicious character. It is a familiar principle of law that an action for damages lies against a party for making false and fraudulent representations whereby another is induced to do an act from which he sustains damage. If the representations are untrue, it is immaterial that they may have been made without fraudulent intent, and it is sufficient that they were made to the general public if the appellant was induced thereby to deposit money in the bank. We think it can make no difference as to the liability of appellees that they made the representations as directors of the corporation.

We proceed now to notice some of the authorities which we think support our conclusions.

Bigelow, in his work on Estoppel, 538, after reviewing many authorities, states the rule as follows: "In accordance with the principles in these cases, it is held that directors of corporations, being bound to know the proceedings of the body, cannot escape the effect of representa-

tions made by them concerning the acts of the corporation, by the allegation of ignorance."

In *Field, Corp.* §§ 170-174, inclusive, it is said: "Where the directors of an insurance company had fraudulently caused false statements to be officially made as to the condition of the company, it was held that they were personally liable to a party who had suffered damage thereby. The directors are generally only bound, in the management of the affairs of the corporation, to use reasonable diligence and prudence—that is, to such diligence and prudence as men usually exercise in the management of their own affairs of a similar nature; and, if they act in good faith, they are not personally responsible to stockholders for a loss that may be sustained thereby. But a director may be liable in damages for his fraudulent act. And it has been held that a director is personally responsible, not only for fraud and willful neglect, but also for his negligence, especially gross negligence. It will be apparent from what has been said that the relation not only of principal and agent exists between the corporation and the directors, but also the relation of trustee and *cestui que trust* exists between them and the stockholders and creditors. Accordingly, they have no right to enter into or participate in any combination the object of which is to divest the company of its property, and obtain it for themselves, to the prejudice of members or creditors. Nor are they entitled to any share of capital stock, or any dividends of profits, until its creditors are paid. This doctrine would, of course, be applicable in all cases of fraudulent or wrongful disposition of the corporate funds or property by directors; for, as agents and trustees of the corporation, as well as the stockholders and creditors, they would be bound to perform their duties and administer the trust in good faith. The fiduciary character of directors referred to is such that the law will not permit them to manage the affairs of the corporation for their personal and private advantage when their duty would require them to work for and use reasonable efforts for the general interest of the corporation and its stockholders and creditors. The confidence thus reposed in them cannot be thus abused with impunity, and they cannot use their position to promote their own interest, in respect to anything thus intrusted to them, to the prejudice of creditors or other members."

In *Morse, Banks*, 131 *et seq.*, it is said: "Whatever knowledge a director has or ought to have officially, he has, or will be conclusively presumed at law to have, as a private individual. Thus a director is affected with notice of the condition and transactions of the bank. If the bank is insolvent, or if it offers him for purchase, notes which could only be legally sold by authority of a directorial vote which has not been given, he is affected with knowledge of the insolvency and of the illegality of the notes." (*Lyman v. Bank*, 12 How. 225.) The same author, page 133, says: "If bank directors do not manage the affairs and business of the bank according to the directions of the charter and in good faith, they will be liable to make good all losses which their misconduct may inflict upon either stockholders or creditors, or both. They may be held to account to an injured party in a court of chancery, or they, or any one of their number who shared in the wrong doing, may be sued at law for damages."

In 3 *Suth. Dam.* 587, 588, it is said: "If the person making the representations which are material, and which he intends should influence another, knows them to be false, the case is clear. Some question has been raised whether positive representations, made without knowledge, and believed to be true by the party making them, will sustain an action

for damages in the nature of deceit. But the doctrine which seems supported by the great weight of authority is that, if a person states as of his own knowledge material facts which are susceptible of knowledge to one who relies and acts upon them as true, it is no defense to an action for deceit that the person making them believed them to be true. The falsity and fraud consist in representing that he knows the facts to be true of his own knowledge when he has not such knowledge. It is not necessary that the false representations be made to deceive the plaintiff in particular."

In 3 Wait, Act. & Def. 436, it is said: "It has been laid down as settled law that if a party makes representations in such a manner as to import a knowledge in him of facts, while in fact he has no knowledge of the facts, and the representations are made with the intent that another shall rely on them, and these representations turn out to be false, it is as much a fraud as if the party making them knew them to be untrue." See, also, Kerr, Fraud & M. 111, 324, 325.

In *Gillet v. Phillips*, 13 N. Y. 117, it is said: "By accepting the office of director he assumed a duty to the stockholders and creditors of the bank to inform himself of what would appear by an inspection of the books of the institution of which he was one of the ostensible managers; and he cannot urge a want of notice arising from a neglect of duty."

The case of *Morse v. Swits*, decided by the Supreme Court of New York, reported in 19 How. Pr. 286, was an action by a stockholder against the directors of a bank to recover of them personally damages for a false statement published concerning the affairs of the bank, by which the plaintiff was induced to purchase stock of the bank. Gould, J., delivering the opinion of the court, says: "I think the tendency of all the later decisions in this country and in England is in favor of extending the liability of everyone who makes a public representation which he knows to be false, and upon faith in which any one has been led into a business transaction whereby he suffers damage. I do not understand that it is at all necessary to the right of action that the representation should have been intended for the party sustaining the loss, or in any way addressed to him. If it be made openly and publicly, so that it might well come to his ears, and he acts upon it, the party making it shall answer to him for his damages. He shall not be at liberty to sow falsehood broadcast without being responsible for the loss it causes. The falsehoods may have been made for one purpose and published for that; but, being published, the public, or any individual of the public, has the right to believe it. It must have been the intention of the persons publishing it that it should be believed. And if, believing it, any one of the public acts on that belief, the makers and publishers of the falsehoods are to be held liable for the consequences they have caused."

The case of *Society v. Underwood*, 9 Bush. 617, was an action against the directors of a bank to recover of them personally damages for loss of deposits wrongfully converted, and it is there said: "The question here presented is whether the directors, who had knowledge of these alleged wrongful sales, can be held to answer personally for the deposits so converted. Appellees insist that they cannot be so held because of want of privity between the depositors and themselves. They concede that for gross negligence or mismanagement upon their part, resulting in loss to the bank, they may be held to account to it; but urge that, inasmuch as their undertaking was to the corporation, they can be proceeded against by it alone, and that appellants must look to the bank, and not to them. This position is plausible, but it cannot, in our opinion, be maintained. Bank directors are not mere agents, like cash-

iers, tellers, and clerks. They are trustees for the stockholders; and, as to their dealings with the bank, they not only act for it and in its name, but, in a qualified sense, are the bank itself. It is the duty of the board to exercise a general supervision over the affairs of the bank, and to direct and control the action of its subordinate officers in all important transactions. The community have the right to assume that the director does its duty, and to hold them personally liable for neglecting it. Their contract is not alone with the bank. They invite the public to deal with the corporation; and, when any one accepts their invitation, he has the right to expect reasonable diligence and good faith at their hands; and, if they fail in either, they violate a duty they owe, not only to the stockholders, but to the creditors and patrons of the corporation."

The case of *Bartholomew v. Bentley*, 15 Ohio 666 was a suit by an individual creditor of an insolvent bank against the officers of the bank, to make them personally liable for losses sustained by the plaintiff by reason of his relying and acting upon false representations made by the defendants. It is there said: "It may be regarded as a well-settled principle that, for every fraud or deceit which results in consequential damage to a party, he may maintain a special action on the case. The principle is one of natural justice long recognized in the law. And it matters not, so far as the right of action is concerned, whether the means of accomplishing the deception be complex or simple, a deep-laid scheme to swindle or a direct falsehood, a combined effort of a number of associates or the sole effort of a solitary individual, provided the deception be effected, and the damage complained of be the consequence of the deception. A valid act of incorporation, or an invalid and pretended right to exercise corporate franchises, is alike powerless to secure the guilty from the consequences of their fraudulent conduct, when it has been knowingly resorted to as the mere means of chicanery and imposition, and used to facilitate the work of deception and injury. Were it otherwise, it would be a reproach to the law. If the defendants, with design to defraud the public generally, have knowingly combined together, and held forth false and deceptive colors, and done acts which were wrong, and have thereby injured the plaintiff, they must make him whole by responding to the full extent of that injury, and they cannot place between him and justice, with any success, the charter of the bank, whether it be valid or void, forfeited or in case. . . . Nor is it material that there should have been an intention to defraud the plaintiff in particular. If there was a general design to defraud all such as could be defrauded by taking their paper issues, it is sufficient, and the plaintiff may maintain his suit if he has taken the paper and suffers from the fraud. It is first said that to allow billholders who have been defrauded to sue the members of the company individually at law will produce endless litigation; and, when applied, the remedy cannot do equal justice to all the creditors, or to the members of the company. It may be that numerous suits will be prosecuted. . . . And yet the doctrine that because they have cheated many they are safer than they would be if only one man had suffered, does not attain in courts of justice. Again, it is said the fund sought is a trust fund, and a bill in chancery is the proper remedy. There would be much propriety in the position were it in point of fact true that a party who has been defrauded by the act of another has no redress save out of a fund composed solely of the proceeds of the imposition. In that case strict equity might require that all those whose injuries had been the source of the fund should share equitably in it. But the rule that a person sustaining damage by fraud-

ulent acts of another can only look to a particular fund of the wrongdoer for redress never existed anywhere."

The cases of *Cross v. Sackett* and *Ward v. Sackett*, 2 Bosw. 645, were actions brought by purchasers of stock of a corporation to recover a director's money paid for the stock, upon the ground of false representations made by the directors, in a prospectus and other advertisements, as to the value of the stock. In these cases it was held that the actions could be maintained, and that "there is no wrong or fraud which the directors of a joint-stock company, incorporated or otherwise, can commit, which cannot be redressed by appropriate and adequate remedies."

The case of *Cazeaux v. Mali*, 25 Barb. 578, was an action brought by a stockholder of a corporation against the officials and directors, to recover of them personally the loss sustained by plaintiff by depreciation in the value of stock, caused by the fraudulent issue of stock beyond the authorized amount. It was there held that the action was properly brought by the plaintiff in his own name, without joining the other stockholders, the injury to each stockholder being separate and distinct from that sustained by the others, and that the action was well brought against the defendants.

The case of *Morgan v. Skiddy*, 62 N. Y. 325, was an action brought by a purchaser of stock of a corporation against the directors personally, to recover the money paid for the stock, upon the ground that plaintiff had been induced to purchase the stock, by false statements made in a prospectus issued by the defendants. It was said: "If the plaintiff purchased the stock, relying upon the truth of the prospectus, he has a right of action for deceit against the persons who, with knowledge of the fraud and with intent to deceive, put it in circulation. The representation was made to each person comprehended within the class of persons who were designed to be injured by the prospectus; and when a prospectus of this character has been issued, no other relation between the parties need be shown, except that created by the fraudulent and wrongful act of defendants in issuing or circulating the prospectus, and the resulting injury to the plaintiff. It is hardly necessary to say that a director of a company who knowingly issues or sanctions the circulation of a false prospectus, containing untrue statements of material facts, the natural tendency of which is to mislead and deceive the community, and to induce the public to purchase its stock, is responsible to those who are injured thereby. Mere exaggerated statements of the prospects of a new enterprise will not subject those who make them to liability; but no material misstatement or concealment of any material fact ought to be permitted. The directors of a company are supposed to know the facts touching its condition and property, and their statements in respect to its officers naturally attract public confidence. If they fraudulently unite in an attempt to deceive the public, and by false statements of facts to give credit and currency to its stock, it is but simple justice that they shall answer to those who have been deluded into giving confidence to them."

The case of *Shea v. Mabry*, 1 Lea 319, was an action by a judgment creditor of a corporation against the directors to recover the amount of the judgment, upon the ground that the directors had misapplied or converted the assets of the company. It was there held that "directors of corporations are not mere figure-heads. They are trustees for the company, for the stockholders, and for the creditors. They must not only use good faith, but also care, attention, and circumspection in the affairs of the company, and particularly in the safe keeping and disbursement of funds committed to their custody and control. They must see that the

funds are appropriated, as intended, to the purposes of the trust; and if they misappropriate them, or allow others to divert them from these purposes, they must answer for it individually. Ignorance will not excuse when they have the means of knowledge."

The case of *Delano v. Case*, decided by the Appellate Court of Illinois, and reported in the *BANKER'S MAGAZINE* for March, 1886, page 686, was an action by a general depositor against directors of a bank for permitting it to be held out to the public as solvent when in fact it was at the time insolvent. It was there held that the directors were individually liable to the depositor. The judgment of the Appellate Court was affirmed by the Supreme Court in June, 1887 (12 N. E. Rep. 676).

The case of *Edgington v. Fitzmaurice*, decided by the Court of Appeals of England in March, 1885, and published in the *Central Law Journal* of January 22, 1886, p. 81, was an action by a purchaser of debentures of a corporation against the directors to recover of them personally damages for false representations made in the prospectus inviting subscriptions for the debentures. It is there said: "This is what is called an action of deceit; the plaintiff alleging that statements were made by the defendants which were untrue, and that he had acted on the faith of these statements so as to incur damage, for which the defendants were liable. In order to sustain such an action the plaintiff must show that the defendants intended that the people should act on the statements, that the statements are untrue in fact, and that the defendants knew them to be untrue, or made them under such circumstances that the court must conclude that they were careless whether they were true or not." The judgment against the directors personally was affirmed, all the judges concurring.

We might extend these quotations to much greater length, but deem it unnecessary to do so, as we think our conclusions are in accord with reason, and the established principles of justice. Forms of action do not obtain in our practice. All suits are actions on the case, and we think it can make no material difference in determining the questions here involved, whether the suit is called an action for deceit, an action to recover damages for the violation of a trust, or an action to recover damages for negligence in the performance of a duty. We have examined with much care all authorities cited by counsel for appellees in their able and exhaustive brief that are accessible to us, but none of them, we think, militate against the correctness of the conclusions expressed in this opinion. If this was a suit brought by a stockholder to recover damages resulting to the corporate property, many of appellees' authorities would apply, and we would hold with those authorities, that appellants could not maintain the action for his individual benefit alone.

For the reasons stated, we are of opinion that there is error in the judgment of the court below, and that it should be reversed, and cause remanded.

ATTACHMENT AGAINST A NATIONAL BANK.

UNITED STATES SUPREME COURT.

*Butler, Receiver, v. Coleman.**

Under Rev. St. U. S. § 5,242 providing that no attachment before final judgment shall be issued in any State court against a national bank, and Rev. St. U. S. § 915, entitling the plaintiff in actions in the Federal courts to similar remedies by attachment as those provided by the laws of the State in which such courts are held, a Federal court cannot issue a writ of attachment before final judgment against a national bank; its jurisdiction in regard to attachments being limited by all the restrictions imposed upon State courts.

A bond given to release property from an illegal attachment creates no liability either as a statutory or a common-law obligation; there being no lawful authority for taking such a bond when the attachment itself is unlawful.

A suit brought for the purpose of having bonds given in an attachment suit declared void and the property held by the sureties as indemnity returned is cognizable in equity when brought by the principal on the bonds; such an action being in the nature of an interpleader to determine the conflicting claims to the property.

WAITE, C. J. All of these cases involve the same general question, and they may properly be considered and decided together. From the records it appears that the Pacific National Bank of Boston was an association for carrying on the business of banking, organized under the national bank act. On the 20th of November, 1881, it became embarrassed, and was placed in charge of a bank examiner, in whose control it remained until March 18, 1882, when its doors were opened for business with the consent of the Comptroller of the Currency. By statute, in Massachusetts, civil actions are begun by original writ, which "may be framed either to attach the goods or estate of the defendant, and, for want thereof, to take his body; or it may be by original summons, with or without an order to attach the goods or estate." Pub. St. Mass. 1882, c. 161, §§ 13, 14. "All real and personal estate liable to be taken on execution . . . may be attached upon the original writ in any action in which debt or damages are recoverable, and may be held as security to satisfy such judgment as the plaintiff may recover." Section 38. "A person or corporation whose goods or estate are attached on mesne process in a civil action may, at any time before final judgment, dissolve such attachment by giving bond with sufficient sureties, . . . with condition to pay to the plaintiff the amount, if any, that he may recover within thirty days after the final judgment in such action." Section 122. At the time the bank resumed business, it was indebted to George Mixter in the sum of \$15,000; to Henry M. Whitney also in the sum of \$15,000; to Daniel L. Demmon in the sum of \$25,000; and to Calvin B. Prescott in the sum of \$5,000. On the 24th of March, 1881, Mixter and Prescott each began a suit against the bank in the circuit court of the United States for the district of Massachusetts, by writ directing an attachment, to recover the amounts due them respectively. Demmon also began a suit in the same court and in the same way on the 28th of March, to recover the amount due him, and Whitney another on the 28th of April, upon the claim in his favor. At the time these suits were begun, the bank had money on deposit to its credit in the Maverick National Bank and in the Howard National Bank, and the necessary steps were taken to subject these deposits to the

* Reversing *Price v. Coleman*, 22 Fed. Rep. 694.

attachments which were issued in the several suits. The bank arranged with Lewis Coleman and John Shepard to become its sureties upon bonds to dissolve attachments in any actions that might be brought against it, and placed in their hands a certificate of deposit in the Maverick National Bank for \$100,000, to be held as their protection against all liabilities which should be thus incurred. This certificate was afterwards exchanged for \$121,000 of the bonds of the Nantasket Company, \$20,000 of the bonds of the Toledo, Delphos & Burlington Railroad Company, and \$15,000 of the bonds of the Lebanon Springs Railroad Company. Immediately after each of the attachments in the above actions had been made, the bank executed a bond to the plaintiff in a penal sum suited to the amount of the claim, with Coleman and Shepard as its sureties, reciting the attachment, and that the bank "desires to dissolve said attachment according to law," and conditioned to be void "if the Pacific National Bank of Boston shall, within thirty days after the final judgment in the aforesaid action, pay to the plaintiff therein named the amount, if any, which he shall recover in such action." Upon the execution of the bond in each case, the attachment was dissolved. After this the bank closed its doors a second time, and on the 22d of May, 1882, a receiver was appointed by the Comptroller of the Currency, in accordance with the provisions of section 5,234 of the Revised Statutes, and at once took possession of its assets and proceeded to wind up its affairs. When the receiver was appointed he found the several suits which had been commenced still pending. In the cases of Mixer, Whitney, and Demmon he appeared, answered for the bank, filed motions to discharge the attachments, and motions to dismiss the suits. His motions were all overruled, and, his defenses not being sustained, judgments were rendered against the bank in each of the cases for the amounts found to be due the several plaintiffs respectively. For the review of the action of the court in these cases, the writs of error which are now under consideration were brought. The suit of Prescott still remains undisposed of in the circuit court. Failing in his motions and in his defenses at law, the receiver filed a bill in equity in the circuit court against the several attaching creditors, and the sureties on the bonds given to dissolve the attachments, the object of which was to reduce to his possession the securities which were held by the sureties for their protection against liability, and to restrain the several attaching creditors from enforcing the attachment bonds on the ground, among others, "that the attachments made in said actions were unauthorized, illegal, and void." This bill was dismissed by the circuit court (22 Fed. Rep. 694), and from that decree the appeal which is now one of the subjects of consideration was taken.

In the view we take of the case, the most important question to be considered is whether an attachment can issue against a national bank before judgment in a suit begun in the circuit court of the United States. Section 5,242 of the Revised Statutes of the United States contains this provision: "No attachment, injunction, or execution shall be issued against such association or its property before final judgment in any suit, action, or proceeding, in any State, county, or municipal court." The original national bank act contained nothing of this kind, but the prohibition first appeared in the act of March 3, 1873 (chapter 269, § 2, 17 St. 603), as a new proviso added to section 57 of the act of June 3, 1864 (chapter 106, 13 St. 116.) That section was originally as follows: "That suits, actions, and proceedings against any association under this act may be had in any circuit, district, or territorial court of the United States held within the district in which such association may be estab-

lished, or in any State, county, or municipal court in the county or city in which said association is located, having jurisdiction in similar cases: provided, however, that all proceedings to enjoin the Comptroller under this act shall be had in a circuit, district, or territorial court of the United States, held in the district in which the association is located." The amending act was as follows: "That section fifty-seven . . . be amended by adding thereto the following: 'And provided, further, that no attachment, injunction, or execution shall be issued against such association, or its property, before final judgment in any such suit, action, or proceeding in any State, county, or municipal court.'" Section 52 of the original national bank act was as follows: "That all transfers of the notes, bonds, bills of exchange, and other evidences of debt owing to any association, or of any deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets in the manner prescribed by this act, or with a view to the preference of one creditor to another, except the payment of its circulating notes—shall be null and void." (13 St. 115.) This was evidently intended to preserve to the United States that "first and paramount lien upon all the assets of such association" which was given by section 47 as security for the repayment of any amount expended by them to redeem the circulating notes, over and above the proceeds of the bonds pledged for that purpose, and to place all the other creditors on that equality in the distribution of the assets of an insolvent bank which was clearly provided for in section 50, where the Comptroller of the Currency is required to make ratable dividends of the proceeds of the assets of the association realized by the receiver, "on all such claims as may have been proved to his satisfaction, or adjudicated in a court of competent jurisdiction." (*Bank v. Colby*, 21 Wall. 609, 613.) In the Revision of the Statutes, section 52 of the original act, and the amendment of section 57 adopted in 1873, relating to attachments and injunctions in State courts, were re-enacted as section 5,242, the amendment of section 57 being put in the Revision at the end of what had been the original section 52. As the Revised Statutes were first adopted, the proviso of section 57, which related specially to proceedings to enjoin the Comptroller, was re-enacted as section 736, but all the rest of the original section was left out. That omission was, however, supplied by the act of February 18, 1875 (chapter 80, 18 St. 316, 320), which re-enacted it as part of section 5,198, putting it at the end of that section, as it originally stood in the Revision. The fact that the amendment of 1873, in relation to attachments and injunctions in State courts, was made a part of section 5,242, shows the opinion of the revisors and of congress that it was germane to the other provision incorporated in that section, and was intended as an aid to the enforcement of the principle of equality among the creditors of an insolvent bank. But, however that may be, it is clear to our minds that, as it stood originally as part of section 57 after 1873, and as it stands now in the Revised Statutes, it operates as a prohibition upon all attachments against national banks under the authority of the State courts. That was evidently its purpose when first enacted, for then it was part of a section which, while providing for suits in the courts of the United States or of the State, as the plaintiff might elect, declared in express terms that if the suit was begun in a State court no attachment should issue until after judgment. The form of its re-enact-

ment in the Revised Statutes does not change its meaning in this particular. It stands now, as it did originally, as the paramount law of the land, that attachments shall not issue from State courts against national banks, and writes into all State attachment laws an exception in favor of national banks. Since the act of 1873 all the attachment laws of the State must be read as if they contained a provision in express terms that they were not to apply to suits against a national bank. The prohibition does not in express terms refer to attachments in suits begun in the circuit courts of the United States, but as, by section 915 of the Revised Statutes, those courts are not authorized to issue attachments in common-law causes against the property of a defendant, except as "provided by the laws of the State in which such court is held for the courts thereof," it follows that, as by the amendatory act of 1873, now part of section 5,242 of the Revised Statutes, all power of issuing attachments against national banks before judgment has been eliminated from State statutes, there cannot be any laws of the State providing for such a remedy on which the circuit courts may act. The law in this respect stands precisely as it would if there were no State law providing for such a remedy in any case. It was suggested in argument that the prohibition extended only to the use of the remedy by State courts, and the remedy itself still remained to be resorted to in the courts of the United States. But we do not so understand the law. In our opinion, the effect of the act of congress is to deny the State remedy altogether so far as suits against national banks are concerned, and in this way it operates as well on the courts of the United States as on those of the States. Although the provision was evidently made to secure equality among the general creditors in the division of the proceeds of the property of an insolvent bank, its operation is by no means confined to cases of actual or contemplated insolvency. The remedy is taken away altogether, and cannot be used under any circumstances. It was further said that if the power of issuing attachments has been taken away from the State courts, so also is the power of issuing injunctions. That is true. While the law as it stood previous to the act of July 12, 1882 (chapter 290, § 4, 22 St. 163), gave the proper State and Federal courts concurrent jurisdiction in all ordinary suits against national banks, it was careful to provide that the jurisdiction of the Federal courts should be exclusive when relief by attachment or injunction before judgment was sought. Until the act of 1882 the Federal courts had ample authority to grant injunctions in proper cases, and all a person need do to invoke that authority was to bring his suit in one of those courts. Whether since the act of 1882 this remains so is a question for the consideration of congress. Some amendment to existing legislation may be necessary, but this does not shed any light on the interpretation of the old law. The difficulty arises from the change that has been made, not from the law as it stood originally. We are therefore of opinion that the attachments in all the suits were illegal and void, because issued without any authority of law.

But it is insisted that, notwithstanding this, the bonds are valid and may be enforced. It is undoubtedly true that the sureties on a bond of this kind are estopped from setting up, as a defense to an action for a breach of its condition, any irregularities in the form of proceeding to obtain an attachment authorized by law which would warrant its discharge upon a proper application made therefor. As the purpose of the bond is to dissolve an attachment, its due execution implies a waiver, both by the defendant and his sureties, of all mere irregularities. So, too, it is no defense that the property attached did not belong to the defendant, or that it was exempt, or that the defendant has become bank-

rupt or is dead. In all such cases, where there was lawful authority for the attachment, the simple question is whether the condition of the bond has been broken; that is to say, whether there has been a judgment in the action against the defendant for the payment of money which he has neglected for 30 days afterwards to make. In the present case, however, the question is whether the bond creates a liability when the attachment on which it is predicated was actually prohibited by law. In other words, whether an illegal, and therefore a void attachment, is sufficient to lay the foundation for a valid bond to secure its formal dissolution. The bond is a substitute for the attachment, although not affected by all the contingencies which might have discharged the attachment itself. (*Carpenter v Turrell*, 100 Mass. 450, 452; *Tapley v. Goodsell*, 122 Mass. 176, 182.) Such being the case, it necessarily follows that if there was no authority in law for the attachment, there could be none for taking the bond. If the attachment itself is illegal, and therefore void, so also must be the bond which takes its place. Objections can be made to an attachment issued on proper legal authority, which cannot be used as a defense to a bond taken under the statute for its dissolution; but if there can be no lawful attachment, there can be no valid bond for its dissolution. The case is to be considered as though there was no law whatever for the seizure of property by attachment before judgment in any case. As the taking of the property under such circumstances would be unlawful, so also would be the act of the magistrate in accepting the bond. Neither is the bond binding as a common-law bond. If the attachment had been valid, and the bond taken had not been in all respects such as the statute had required, it could nevertheless have been enforced as a common-law bond, because it was executed for a good consideration, and the object for which it was given had been accomplished. But here the difficulty is that there was no lawful attachment, and therefore no lawful authority for taking any bond whatever. The bond is consequently neither good under the statute nor at common law, because there is no sufficient foundation to support it.

Objection is made to the relief which is sought in equity, because if the attachment bonds are void there is an adequate remedy at law in the suits that may be brought for their enforcement. If the suit in equity had been brought by the sureties to get rid of their obligation, this objection might be good; but such is not its character. The sureties have in their hands assets of the banks which the receiver seeks to reduce to his possession, and which they claim the right to hold until they have been fully indemnified against or discharged from liability on the bonds. The receiver says there is no liability, because the bonds are invalid; and to have that question settled once for all he has brought the persons interested, creditors as well as sureties, before the court, in order that it may be conclusively adjudicated between them. Such a suit is clearly cognizable in equity. The sureties are in a sense stakeholders. They do not claim the securities unless they are liable on the bonds, and the suit, although not brought by them, is in the nature of an interpleader, to save them "from the vexation of two proceedings on a matter which may be settled in a single suit." The decree will bind all alike, and if the sureties are held not to be liable, it will conclude the creditors from all further proceedings against them on the bonds, and leave them free to surrender the securities to the receiver. This will not affect the judgments that the creditors have recovered any further than to limit their operation, so far as the receiver and the sureties on the attachment bonds are concerned, to the adjudication of the debts as claims entitled to dividends from the proceeds of the assets

of the bank. To that extent, certainly, the court had jurisdiction in each of the suits after the insolvency; but as the attachments were void, the judgments are inoperative as a basis of recovery upon the bonds. The judgment in each of the suits at law is affirmed, but the decree in the suit in equity is reversed, and the cause remanded, with instructions to enter a decree setting aside and annulling the bonds which were given to dissolve the attachments, and enjoining each and all of the creditors, and those claiming under them, from proceeding in any manner to enforce the same against the sureties, and directing the sureties to surrender to the receiver the securities they hold for their indemnity.

LEGAL MISCELLANY.

ALTERATION—INSTRUMENTS—STRANGER.—An interlineation by a stranger of the words "or bearer" after the name of the payee does not affect the rights or liabilities of the parties. [*Andrews v. Calloway*, S. C. Ark.]

BILLS AND NOTES—HOLDER—PRESUMPTION.—The holder of a negotiable instrument, payable to the order of the maker and indorsed by him in blank, is presumed to be a holder for value before maturity and without notice of equities. [*Cochrane v. Dickinson*, S. C. La.]

CORPORATION—TRANSFER OF STOCK.—Where the president of a corporation sells his stock and gives a certificate to the purchaser, and notifies the directors, but the transfer is not entered on the transfer book, the purchaser is the equitable owner of the stock against judgment creditors of the president. [*Telford, etc., Co. v. Gerhab*, S. C. Penn.]

USURY—AGREEMENT—ABANDONMENT.—A subsequent written agreement to extend a note upon usurious interest upon part payment thereof at maturity, is abandoned by a suit on the note, and the taint of usury is expurgated. [*Allen v. Tumham*, S. C. Ala.]

USURY—PURCHASER—AGREEMENT TO RECONVEY.—A purchaser at sheriff's deed agreed to reconvey to the debtor on payment of what he had paid and an usurious interest. The land went in succession to several vendees, who made the same agreement with the debtor: *Held*, that the title of the last vendee was not affected by the usurious contract. [*Pope v. Hartwell*, S. C. Ga.]

BILLS AND NOTES—ACCOMMODATION ACCEPTOR.—An accommodation acceptor of a draft, who has paid it, is entitled to be reimbursed, and the draft is only useful as evidence. [*Martin v. Muncy*, S. C. La.]

BILLS AND NOTES—DEFENSES—WARRANTY.—In a suit on a note given for the difference in value on exchange of lands, defendant may defend by proof showing a breach of oral warranty as to the quality of the land. [*Green v. Balson*, S. C. Wis.]

BILLS AND NOTES—PLACE OF PAYMENT.—Under Alabama law, a certificate of deposit, with no place of payment sufficiently designated thereon, is subject to equities. [*Renfro v. Merchants, etc., Bank*, S. C. Ala.]

PRINCIPAL AND AGENT—COLLECTION—PAYMENT.—An attorney employed to collect a note has no implied authority to accept wood in payment thereof. [*Pitkin v. Harris*, S. C. Mich.]

BILLS AND NOTES—REQUIREMENTS.—An instrument read: "\$1,000. Three years from date I promise to pay to B., for value received, in United States gold coin, at the rate of ten per cent. per annum." It was dated and signed: *Held*, to be a valid promissory note. [*Strickland v. Holbrooke*, S. C. Cal.]

NEGOTIABLE PAPER—INDORSEMENT—WAIVER.—Where, at the time of the indorsement of a promissory note, after its maturity by its terms, it was agreed by the maker, indorser, and indorsee, that the maker should have an extension of time to pay it, the indorsee thereby waived any claim to notice of demand and non-payment of the note. [*McMongal v. Brown*, S. C. Ohio.]

PAYMENT—CASHIER'S CHECK—JURY.—Circumstances stated under which it was held that the question whether the payment of a draft by a check was absolute or conditional should have been submitted to the jury. [*Briggs v. Holmes*, S. C. Penn.]

BILLS AND NOTES—INDORSEMENT—PARTNERSHIP.—When a note payable to P. and W. in liquidation is indorsed by P. in the same manner, without authority from W., W. is not bound by the indorsement. [*Woodson v. Wood*, S. C. of App. Va.]

NEGOTIABLE PAPER—ACCOMMODATION—NOTICE OF PROTEST.—In an action on a promissory note by the indorsee against the maker and indorser, it is sufficient to plead in the declaration, as an excuse for want of notice of protest, that the indorser was the real debtor, and that the maker was an accommodation maker. [*Blenderman v. Price*, S. C. N. J.]

PAYMENT—CHECK—DELAY.—Where a debtor furnishes his agent with funds to pay his debt, and his creditor directs the agent to pay the money to his solicitor, and the solicitor accepts the agent's check, who at that time and for some time afterward had ample funds in the bank to pay the check, and the solicitor delayed presenting it till those funds had all been withdrawn and the agent had become insolvent: *Held*, that these facts constituted a payment of the debt, and authorize the release of a mortgage by which it was secured. [*Kilpatrick v. Home, etc., Co.* S. C. Penn.]

CONTRACT—LEGAL TENDER—LAPSE OF TIME.—In 1865, demand of a debt was made in gold coin, the debtor in lieu thereof gave his note for two and a half times the amount of the debt, and the note was renewed until 1879: *Held*, that the contract made in 1865 having been acquiesced in for more than twenty years, would not be disturbed. [*Proctor v. Heaton*, S. C. Ind.]

DEPOSITARIES—CHECKS—PAYMENT.—A depositary is not required to keep a separate account for each bankrupt's estate, and must pay the checks of a court out of the fund to the credit of the court generally, though the checks specify the cause in which they are drawn. [*State Nat. Bank v. Dodge*, U. S. S. C.]

NEGOTIABLE PAPER—EXTENSION—INDORSER.—Where a note was given and indorsed for accommodation, and the holder extended the time of payment without the consent of the indorser, it was a question for the jury whether the extension was or was not given. [*Powers v. Silberstein*, N. Y. Ct. App.]

NEGOTIABLE PAPER—ACCOMMODATION NOTE.—An accommodation note is good against the maker in the hands of a third person who has received it in payment of a pre-existing debt. [*Beckhaus v. Commercial, etc., Co.*, S. C. Penn.]

BILLS AND NOTES—ACCEPTANCE.—When the drawee of a draft writes thereon "excepted," with his name and the date, parol proof is admissible to show that he thereby accepted the draft. [*Cortelyou v. Maben*, S. C. Neb.]

BILLS AND NOTES—ATTORNEY'S FEES.—A promissory note, containing a stipulation for the payment of attorney's fees, is not negotiable. [*Altman v. Rittershofer*, S. C. Mich.]

THE PROGRESS OF APPLIED SCIENCE IN ITS EFFECT UPON TRADE.

[CONCLUDED FROM THE AUGUST NUMBER.]

Manufacturers too often forget that it is not the reasonable price of a commodity, but the surplus of it above the demand, which regulates the quotations of the market. About half of our exports of cotton go to countries using silver coinage. When new markets are opened in half-civilized countries, the demand depends not only upon the existing standard of comforts, but also upon those which are created by contact with higher civilization. This is a hope and a policy which Germany is now pursuing with great ardor.

I must be content with only one or two other illustrations of the manner in which inventions give an abnormal increase to production, and displace old forms of labor. It is not in prosperous, but in hard times, that they chiefly arise. In 1870-72, when trade was active, there were comparatively few inventions. Take the time before the American war in 1861; the patents for new agricultural machines, on the average of several years, numbered 350; while during the war, in 1863, when at least half a million men had been withdrawn from the labor of the field, the patents were 502, and the result was that agricultural production was not lessened at any time of the long campaign. Machinery, on the other side of the Atlantic, is more extensively applied to large farms than here. The reduction of manual labor has become so great, and the methods of distribution are so improved, that, according to Atkinson, the labor of seven men will grow, mill, bake, and distribute as loaves, one thousand barrels of flour, which suffices to feed one thousand men. Even with less organized machinery we have seen in our times much displacement of agricultural labor in this country, and the result still prejudices the position of Ireland. Irish reapers cut the harvest crops in England, and took back English money to pay rents in Ireland. With the old sickle a man could reap one-quarter of an acre daily; but the machine reaper came in, and one man with two horses reaps from fifteen to twenty acres. The Irishman was a good workman to thresh out corn by the flail, and managed fifteen to twenty bushels daily; but now one man, tending a machine, can thresh out hundreds of bushels.

In the railways a vast amount of the labor of men and horses has been displaced, but is replaced in other forms by the necessity of feed-

ing the railways with material. If the locomotives on English railways were annihilated, it would require the labor of seventy-five millions of men, or of twelve millions of horses, to carry on the traffic, in an inferior way and at a much larger cost; for the cost of carting a ton's weight by a man with a cart and horse is one shilling per mile, while the railway carries it for a penny or under.

I finish my illustrations by referring to the iron industry. It is of such antiquity that the best and most economical means of production might be supposed to exist. In the year 1846 the British Association for the Advancement of Science requested Professor Bunsen, of Heidelberg, and myself to report upon the chemistry of blast-furnaces, and we showed that, at that time, no less than $81\frac{1}{2}$ per cent. of fuel was absolutely lost in the form of gases which escaped and were burned at the top of the furnace. In addition to this waste of fuel was the total loss of ammonia produced by the coal—a substance most valuable to agriculture as a manure. The economy of the ammonia has scarcely begun to be realized at the present day, although our recommendations for the saving of fuel have long since been carried out with much economy to the price of production. There has been a rapid growth of the manufacture of iron over the world, and naturally the increase has been greatest among nations which were furthest behind. From 1870 to 1884 the make of pig iron rose 131 per cent. in Great Britain, and 237 per cent. in the rest of the world. In recent times, steel has largely substituted iron for many purposes. Formerly pig iron was transformed into bar iron in puddling furnaces, and the latter was converted into steel by a process known as cementation, which consisted in giving to the iron more carbon. Now, by the Bessemer process, steel is made direct from pig iron, already to the extent of three million tons annually, while $4\frac{1}{2}$ millions of capital invested in puddling furnaces have been destroyed, and the labor of 39,000 workmen has been displaced. To counterbalance these evils, the price of steel, which was £12 1s. 1d. per ton in 1874, was less than £4 in 1887.

The illustrations already given must suffice to show how largely modern inventions have increased production and displaced labor. Ultimately, educated workingmen benefit by the changes, because increased production absorbs skilled labor and pays high wages for it. Ignorant workers—the hewers of wood and the drawers of water—have a bad time, for they find that the demand for unintelligent labor is constantly decreasing. In old lessons of political economy, production upon a given raw material was represented by a very simple equation— $P=L+C$. The product equals labor *plus* capital. The equation never was right, because capital is really accumulated potential labor reserved as a subsistence fund for the laborers who are employed to convert the potential into actual energy. Capital or accumulated labor is exactly like a storage battery in which electricity is accumulated. This battery regulates the work which the electricity has to perform and steadies the electric lights. Labor is now of two kinds: labor in quantity and labor in quality—the first lessening in value every year as a factor of production, while the second is always rising in value. The product is therefore actually the result of three kinds of labor—capital, or accumulated labor, labor of quality, and labor of quantity. Even now the terms of the two last forms of labor could only be expressed by multiplying (not adding) the labor of quantity by the labor of quality. Reducing this to a simpler expression, the present state of manufactures depends mainly upon the intellectual condition of the producers. The competition of the world has become a competition of intellect. In the future

of the world the greatest industrial nation will be the best-educated nation; it may not be so to-day, but it certainly will be so to-morrow. It has already shown how the cheapness and facility of the distribution of commodities have destroyed national markets and local advantages, making all the world into a single market. Formerly it sufficed that a merchant or a trader should be a good citizen of his own country; now he must become a citizen and trader of the world. Our merchants and manufacturers have been slow to see this, and they are allowing other better educated countries to forge ahead. Every German clerk or trader knows two languages besides his own, and is taught, scientifically and practically, the wants of commerce. The German government has established a bank of commerce, which, with the efficient co-operation of the consuls living in eastern and African countries, has had a great effect in extending their colonial markets. A country with a protectionist policy is apt to have an over-production of commodities beyond the wants of the home market, so there is a natural desire to use this surplus in foreign markets at the very narrowest margin of profits. These have certainly been supplied with German goods for the last few years, though the prospect of continued success is doubtful, as they are always handicapped by increased cost of production; still, so far as limited statistics are to be relied on, the policy seems at present to be successful. Taking the period of depression from 1872 to 1886, the increase of German commerce has been 67 per cent., while the maritime tonnage has expanded by 120 per cent., and the bank discounts, indicating activity in industries, have augmented by 240 per cent. How far sacrifices in the prices of commodities have led to these results in making new markets we do not yet know, but the increase is out of all proportion to the growth of the German population, which has only been $11\frac{1}{2}$ per cent.* Berlin, like other towns of Germany, is taking active measures to promote technical education. A central technical institution, costing no less than £400,000, has been erected in Berlin. Might we not hope that the new Imperial Institute in London, though it is on a smaller scale, will undertake like work for London? It may be profitable if we inquire how far the education in Germany or in Switzerland tells upon one particular kind of industry, so I take the silk trade as an example. In the evidence given before the royal commission on the depression of trade, it was stated that the silk industries of Coventry, Macclesfield, and Spitalfields had decreased to about one-fourth their old dimensions. Spitalfields sank much lower, for its former 24,000 looms are now dwindled to 1,200. While Coventry was losing its trade in silk ribbons, Basle, in Switzerland, was making a like industry prosperous by establishing excellent schools for dyeing and design, and that town imports to this country what Coventry lost to it. The town of Crefeld, in Germany, is a still more striking illustration, because, by its attention to education suited to its industries, it has within a few years doubled its population and quadrupled its trade. This small town, which has now grown to 83,000 inhabitants, has spent £215,000 on its lower schools, and £42,500 on a special weaving-school. Who has paid for this large educational expenditure? Quite possibly the consumers of silk in England, who get from Crefeld what Macclesfield and Spitalfields fail to produce with equal excellence. The melancholy result is this—that the exports of English silks amount to only £2,670,000, while the imports to this country of foreign silks reach eleven millions. It is useless for our

* A report on this subject by Mr. Giffen, about to be issued, will, it is understood, show that English trade has as yet not materially suffered by German competition.

towns to battle by empiricism or by fiscal laws with foreign nations which have equipped their artisans to fight with trained intelligence in the competition. Technical education is simply the *rationale* of empiricism. It is a melancholy spectacle to see a town like Norwich, once famous for its shawls, actually contending with the charity commissioners because they wish to utilize its fine endowments by creating a system of technical education, while the civic authorities struggle for almshouses. Figs cannot grow on thorns, nor can ignorance among our workmen expect to compete with trained intelligence in our industrial competition with other nations.

England is far behind in the technical training of our artisans, but there is hope that we have awakened to our shortcomings. When I first began to call attention to our dangerous ignorance in 1852, there were no higher colleges, except universities, in any town of the United Kingdom, except Owens College in Manchester, and Anderson's College in Glasgow. Now there is not a large town in Great Britain without such colleges. These are being adapted to the education of the upper classes, and a great step is gained; but continuation schools for the working classes, and technical schools adapted to their wants, are rising far too slowly. In London the progress is more rapid, and perhaps in a few years we will be able to boast that we have gone beyond Paris in polytechnics for the working classes, though we shall still be far behind Berlin and other manufacturing towns of Germany and Switzerland in relation to the population. Still I have faith that the movement is in progress, for stern necessity will rouse the manufacturers of England to train the intelligence of the producers. Workingmen are alive to the defects in their education, and their voices will soon be heard in the Parliament of this country. The wages of our artisans are higher than those in Continental countries, and so are their productive powers. I am informed by Sir Lowthian Bell, the highest authority in the iron trade, that it still requires nearly twice the number of workmen at a German blast furnace to produce the same quantity of iron as we employ in this country.

It would require a man much wiser than myself to predict the future of our industries with certainty. One thing is sure, that they cannot recover from depression by putting on their back the old man of the sea in the shape of the fiscal proposal of the fair trade party. England depends upon her export trade for her future prosperity, and as exchanges are made in commodities, not in bullion, the restriction of imports by taxation contracts exports to the same amount. Indeed, such a policy must lead to the tariff war which now prevails among most of the Continental States. No fact in political economy is more clear than that taxation on foreign commodities must ultimately be paid by the consumers, not by the producers. All taxation is a deduction from the fruits of labor and from the fertility of the soil of the country imposing it. No political economist has ever been able to show how prices to consumers can be lowered by increasing the cost of production. In countries with a protection policy there is as much depression, though one of greater intensity than in the countries with free trade. In the former there are constant attempts to cure the depression by adding restriction after restriction, in the hope of remedying the evil. It is the same operation as when a person dissatisfied with the working of a machine adds a new cog, then a spring, then a lever, forgetting that with every new addition he is increasing friction and lessening power. The great industrial machine of this country is good enough in itself, but it needs proper oiling to make the parts work smoothly; and I have

tried to show that the technical education of workingmen is the lubricant which we so much require. I do not believe that it will again work so as to produce the large margin of profits which we enjoyed in the past. Still there is encouragement that we may carry on a good and steady trade. The cheapening and extension of distribution have probably reached their limits, and little more is to be expected in this direction. New inventions will continue to be made, but not with the same marvelous celerity that we have seen in the last fifteen years. If the United States alter its protection policy, and become a free-trade nation, it will be our great competitor in the world, though the time is not close at hand. Her large surplus revenue, amounting to twenty-two millions, has invited schemes of public plunder, and her pension list of old soldiers, and compensations to States for aid in the war, amount to a charge equal to a large standing army. But when these lapse by time, the United States, with a standing army of only twenty-five thousand men, will become a nation which has only to prepare herself for the progress of industry by new inventions without the cares and costs for the preparation of war. At the present moment the United States has 250,000 inventions protected by the patent law. This activity of invention shows ability and intelligence among her people, who are always ready to turn to account the forces of nature for the benefit of man. This country in her workingmen is rich in producers, and if their intelligence were trained in connection with their work, we need not fear the industrial competition of any European nation. All great foreign nations, except the United States, are terribly handicapped in the industrial race by excessive armaments. England is also weighted, but not to an equal extent. The strength of nations consists in peace, but they make a sad error by not knowing that the weakness of nations is in actual war, or excessive preparedness for it. France, Germany, Holland, Italy, Belgium, and Great Britain have 2,200,000 men withdrawn from being productive citizens, in order to be protective militants, at a cost for each man of £45. If we take all the civilized nations, adding the reserves to the permanent forces, $14\frac{1}{4}$ millions of the strongest men are or may be withdrawn from production. This is one man for twenty-four of the population, or, if we exclude the reserves, one out of eighty-one. That is the reason why I point to the United States as the great industrial nation of the future, for her armed forces represent only one man in 1,610 of the population. Luckily, her protection policy is an incubus upon her industry, and gives us breathing-time to prepare for the coming struggle.—*Sir Lyon Playfair, in Contemporary Review.*

ECONOMIC NOTES.

WHY WAGES SEEM LOW.

The widening of the sphere of one's surroundings, and a larger acquaintance with other men and their pursuits, have long been recognized as not productive of content. Writing to his nephew a hundred years ago, Thomas Jefferson thus concisely expressed the results of his own observation: "Traveling," he says, "makes men wiser, but less happy. When men of sober age travel, they gather knowledge, but they are, after all, subject to recollections mixed with regret; their affections are weakened by being extended over more objects, and they learn new habits which cannot be gratified when they return home." Again, as the former few and simple requirements of the masses have become more varied and costly, the individual effort necessary for the satisfaction of the latter is not relatively less, even under the new conditions of production, than before, and in many instances is possibly greater. Hence, notwithstanding the large advance in recent years in the average rates of wages, and their increased purchasing power, there is no less complaint than formerly of the cost of living; when (as M. Leroy Beaulieu has pointed out in the case of France) the foundation for the complaint is for the most part to be found in the circumstance that a totally different style of living has been adopted, and that society makes conformity with such different style a standard of family respectability.—*Hon. David A. Wells, in Popular Science Monthly.*

THE FASTEST RAILROAD TIME ON RECORD.

From the following it appears that John Bull has not yet broken Brother Jonathan's record for fast railway time. The *Philadelphia Record* quotes General Manager Pugh for the following statement in reference to fast railroad travel, suggested by great speed attained by English trains recently: "The 'Flyer' ran from London to Edinburgh, a distance of 400 miles, in seven hours and twenty-five minutes, beating 'the Flying Scotchman' on a rival railroad. The average speed for the run was fifty-three and a half miles, the fastest time ever made for that distance. The Alleghanies look like an insuperable obstacle to our making fast time," continued Mr. Pugh, "but we could run a train from New York to Pittsburgh, a distance of 440 miles, in a little over eight hours, if occasion demanded it. The feat is not practicable from a financial standpoint, as the expense of running such a train regularly would be enormous. Fast as this English train runs, there are trains on the Pennsylvania and Reading roads, between Philadelphia and New York, which excel it. The fast traveling is done on special trains, and the records of some of the bursts of speed made over level stretches of ground are simply marvelous. The fastest speed recorded is a distance of 2.8 miles in two minutes. But the 'West Coast Flyer' has been beaten in this country by a special train on the West Shore road, which, in 1885, made the 426 miles between Buffalo and New York in seven hours and twenty-seven minutes, during which a run of 87 miles between Genesee Junction and Chili was made in one hour. In the succeeding year a special on the New York Central ran between Syracuse and Buffalo, 148.7 miles, in 136 minutes, averaging 65 miles an hour. The greatest long-distance run ever made was in 1876, when a special ran from New York to San Francisco in three and a half days. During the entire trip twenty engines were used, there were seventy-two stops, and the running time for 3,313½ miles was eighty-four hours and seventeen minutes, an average of forty miles an hour."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

TIME WITHIN WHICH A DRAFT MUST BE ACCEPTED.

A draft at "one day after sight without grace" is presented to John Jones on Saturday. If he accepts at once it will fall due on Sunday, and under the statute in this State (Mass.) must be paid on Saturday. But, suppose he wishes to take twenty-four hours to decide whether or not he will accept, can he have until Monday, without dishonor, to make his decision?

REPLY.—It is well settled on the authorities that the drawee in such a case may take until Monday to decide whether he will accept, without dishonoring the draft. The inquirer will find an interesting discussion of the precise point involved in the inquiry in the English case of *The Bank of Van Diemen's Land v. The Bank of Victoria* (Law Reports 3 Privy Council Appeal Cases 526). This follows the general rule, well settled in Massachusetts, that when a limitation of time is fixed within which an act may or may not be done, if the time limited is less than a week, Sunday is excluded in the computation. *Cunningham v. Mahan*, 112 Mass. 58, and cases cited. The twenty-four hours to which the drawee is entitled cannot expire on the Saturday, and he, therefore, necessarily has the right to wait until the Monday, before he gives his answer.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Aug. 4.	\$381,703,600	\$90,587,300	\$39,743,200	\$414,320,500	\$7,614,000	\$26,750,375
" 11..	385,791,100	88,852,700	39,383,900	416,519,100	7,672,300	24,131,825
" 18..	387,909,700	87,736,800	38,015,300	416,063,400	7,760,400	21,736,750
" 25..	383,749,600	87,201,900	36,742,400	412,563,500	7,816,200	21,003,425
Sept. 1..	391,733,500	82,804,100	36,995,600	412,132,300	7,773,000	16,766,625

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Aug. 4.	\$148,456,700	\$10,107,100	\$3,537,100	\$17,764,900	\$6,174,600
" 11.	148,967,100	10,040,900	3,401,500	118,543,800	6,004,800
" 18.	148,238,400	9,949,800	3,240,700	117,227,100	5,858,400
" 25.	147,891,300	9,827,000	3,308,000	115,218,500	5,782,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans	Reserves	Deposits.	Circulation.
Aug. 4.	\$93,454,000	\$29,596,200	\$96,647,000	\$2,727,290
" 11.	93,718,000	29,499,500	96,337,500	2,724,560
" 18.	93,832,000	29,086,000	96,909,500	2,727,500
" 25.	94,730,000	29,389,000	97,612,500	2,703,260
Sept. 1.	95,503,000	28,498,700	97,667,000	2,699,377

BANKING AND FINANCIAL ITEMS.

SECURITY FOR GOVERNMENT DEPOSITS IN NATIONAL BANKS.—In the enumeration of National Bank Depositories which Secretary Fairchild has sent to the Senate, it appears that of the security held for the deposits, about \$38,000,000 are in United States four per cent. bonds, and about \$16,000,000 in four and a halves. There is something more than \$1,100,000 in sixes and threes. Of the 292 banks among which the Government money is distributed, only eleven have \$1,000,000 each, and none have more than \$1,100,000. Since this report was made, a resolution has been introduced in the House by Representative Mason, of Illinois, calling for the appointment of a committee of five to investigate alleged charges that the officers of national banks which are Government depositories have contributed to the Democratic National Campaign Fund. The resolution went to the Committee of Banking and Currency, where it will probably remain, as it is regarded only a political scare.

DEMORALIZATION IN PERUVIAN FINANCES.—The demoralization in Peru, caused by the collapse of her paper money circulating medium, is described by the American Consul in his recent report to the State Department covering the period since January first. From this it seems that affairs were then at the worst, and that the depreciated money has since been gradually absorbed to a considerable extent by the Government. At the close of last year, the Government had failed in all attempts to redeem, except that of accepting a small percentage of paper as customs duties. The Government was at the same time continuing to issue this depreciated paper in payment of salaries of employes and other public disbursements. Consul Brent, in describing the situation then, says: "The Government being destitute of funds to even gradually redeem the paper, the burden has to be endured, and it falls on a multitude. It is estimated that there were 60,000,000 paper sols in circulation or in private hands. This sum was equivalent to 2,000,000 silver sols, and, in the course of a week, has been rendered useless, and may be considered as practically lost. Such a blow to a nation in such financial straits as Peru is to-day is hardly conceivable abroad; but when the panic began, ten days since, there were numbers of families in this city and at Lima who were actually unable to buy food with the only medium in their possession—the paper money. In the interior from Lima, in the enormous Indian population of the Departments of Huanuco and Iunin, there is no silver in circulation; paper is the only money known, and when the news reaches those districts of the crisis and rejection of the paper money at the metropolis and center of the Republic, it is feared that the most unfortunate results will follow. To mitigate such danger, in a measure, the Government persuaded the owners of wheat and rice in the custom house stores to dispatch those articles, and it is proposed to send the money thus acquired (130,000 silver sols) to the Departments referred to, where it may be employed in purchasing the paper from its unfortunate holders. It is generally considered that this abrupt blow will end the existence of all paper money in Peru issued by the State, or for which the Government may become responsible. It is even doubtful whether, after such a complete collapse in a commodity which was formerly held in high value for the guarantees it rested upon, and its convenience, even the issue of a first-class bank would be regarded here with favor. The amount of silver in circulation is very limited, and the banks and commercial houses of the two cities could not to-day produce 2,000,000 of sols; but as the necessity is now arising, the silver bars will remain here, instead of being shipped to Liverpool and Hamburg, and the mint at Lima, a reduced replica of that at Philadelphia, will find lucrative employment. The main points to which I venture to direct the attention of the department are the following: The unprecedented and sudden disappearance from business transactions of a large amount of money guaranteed by the Government of the country where the rejection occurs, and the condition of the people who remain with 60,000,000 of that money in their possession, and which the great majority of

them cannot employ. This transformation was effected almost without disorder—only one instance occurring where the police were attacked in Lima and were obliged to fire upon the crowd, but fortunately without fatal result. I know of no other such collapse of the fiscal issue of a nation."

BROKER COX ARRESTED IN CANADA.—A dispatch from Niagara, Ont., says: E. Strachan Cox, the former Toronto broker who was instrumental in bringing about the failure of the Central Bank of Canada through his dealings with it, and who was arrested here August 26, had crossed the Niagara river on a flying visit. When an officer approached him Cox resisted arrest, and was aided by a man named Moffatt, of the yacht Rivet, who choked the constable. Several other persons from the yacht also assisted Cox, but their interference was of no avail, as the policeman was reinforced by several persons standing around. As soon as the yachtsmen saw Cox taken away they hoisted sail and departed.

THE NEW NORTHERN PACIFIC ISSUE OF BONDS.—The total amount of new bonds issued by the Northern Pacific road is not \$4,000,000. The new syndicate has taken and disposed of, to Mr. Villard, the remainder of the third mortgage bonds in the treasury, which at the close of the last fiscal year was \$3,407,000. Out of these, however, had to be reserved a sufficient sum to take up \$1,274,500 dividend certificates, which are a demand obligation, and the reserve would have to be a little more than this amount, because the second mortgage bonds were not yet selling at par. The three millions of branch bonds taken at the same time are not a direct obligation of the Northern Pacific road, and their interest will be met out of a traffic guarantee to the roads which are to be built out of the proceedings.

CONFIDENCE IN OUR SECURITIES.—Foreign bankers view with a great deal of satisfaction the continued confidence of Europe in American securities, when other borrowers are getting the cold shoulder. The market refused to take a San Domingo loan, and an effort to place a new issue of bonds by Venezuela has so far been a dead failure. They also regret very much that some American loans recently offered in London would stand no chance of finding good backers on this side of the water.—*Mail and Express*.

LARGE GOVERNMENT DEPOSITS.—Five of the city banks, the First National, the American Exchange, the Chase National, the Hanover and the Western National carry the same amount of \$1,100,000 in government deposits. None of the other banks carry as much as a million.

BOSTON'S SEPTEMBER DISBURSEMENTS.—September is not an important month for interest and dividends, and yet Boston makes a fair showing, as will be seen by the following comparative figures, compiled by Joseph G. Martin, of that city:

September 1, 1888.....	\$5,483,772
March 1, 1888.....	5,454,902
September 1, 1887.....	5,676,549
March 1, 1887.....	5,062,726

\$100,000,000 AMERICAN SECURITIES EXPORTED.—President Williams, of the Chemical National Bank, is quoted as saying that foreign investments of American securities, during the last eight months, amounted to fully \$100,000,000. The month, he said, is now drawing heavily for money, but money will undoubtedly be easier this fall. The business outlook depends entirely upon the crops. It is noticeable that the loans and discounts of the national banks increased during the last quarter over \$20,000,000, while individual deposits fell off \$17,000,000.

LIQUIDATING EASTERN MORTGAGES.—An interesting feature of the present crop prospect, says an exchange, is the hope that the Western farmers will be able largely to reduce their mortgages, thereby returning to the East a considerable part of the money which has been invested in the West for some time.

HEAVY PENSION PAYMENTS.—The Treasury Department paid out \$10,000,000 in pensions in one day during the past month. The receipts for the month still exceed the expenditures by about \$5,000,000. The receipts from customs at New York during the first twenty days of August were \$8,371,728; less by about \$700,000 than the receipts for the first twenty days of July. Of this month's receipts up to the 20th, 86.5 per cent. were in gold certificates and 5.9 per cent in silver certificates.

RAILROAD EARNINGS ALL INCREASING.—With barely an exception, all the railway earnings for the third week of August show increases.

INCREASING BANK CLEARANCES—The bank exchanges of thirty-eight cities for the third week in August aggregated \$807,802,087, an increase of 1.4 per cent., as compared with 1887. Outside of New York the statement is far more favorable, the gain having been 9.6 per cent. Of the cities reporting, eleven show losses and twenty-seven gains. Duluth presents the phenomenal increase of 185 per cent., followed by Topeka 38, Denver 27.5, Lowell 27, Detroit 26, St. Paul 23.5, Chicago 18.6 and St. Louis 15.9 per cent. The heaviest decreases were Galveston 39, Columbus 14½, Peoria 14, New Haven 14, Cincinnati 12.9 and New Orleans 12.8 per cent. New York fell off 2.7 and Boston gained 9 7 per cent.

UNFAVORABLE FOREIGN TRADE BALANCE FOR SEVEN MONTHS.—The figures of the foreign trade of the United States for July and seven months of the calendar year is an unfavorable exhibit. The exports of merchandise in July were \$45,267,938, a decrease of \$4,127,974 compared with July, 1887, but an increase of \$641,228 compared with June, 1888. The imports of merchandise were \$61,329,461, an increase compared with July, 1887, of \$4,736,235, but a decrease of \$1,590,785 compared with June, 1888. The excess of imports over exports for the month was \$16,061,523, and for the seven months \$77,636,823. The imports of gold and silver for the seven months were \$12,643,237, and the exports \$34,767,611. The total number of immigrants arriving during the month is 40,917, an increase of 1,837 over the arrivals for July, 1887. They came mostly from Great Britain, Germany, Russia and Sweden and Norway.

THE TREASURY BOND PURCHASES have been about \$8,000,000 in the past month. Under circular of April 17, 1888: Amount purchased to August 27th—4s, \$23,067,350; 4½s \$10,537,300; total, \$33,604,650; cost of 4s, \$29,332,007.82; of 4½s, \$11,343,507.57; total, \$40,675,515.39.

THE ESTIMATED SURPLUS.—Revised estimates made at the Treasury Department recently show the net revenues at the end of the present fiscal year, on the basis of appropriations already made and about to be made, will amount to about \$14,000,000, in addition to the present surplus.

THE GOVERNMENT DEPOSITORIES.—In answer to the resolution of Senator Sherman, the Secretary of the Treasury has sent the Senate the following statement of the deposits of Government funds in national banks: On August 1st there were 294 national banks which had been designated as depositories; they held \$58,527,076 of Government money, and the Government held as security therefor, bonds to the amount of \$56,078,000. The names of the depositories are given, together with the amount of deposit in each, and the bonds held as security.

UNABLE TO PLACE ITS BONDS.—Although it is given out from Boston that the Chicago, Burlington and Northern does not propose any further issue of equipment bonds, having all the equipment that it needs, it is believed that it was unable to place its bonds, except at a ruinous sacrifice, and hence will withdraw or abandon its attempted loan. It is said that for the past six months the equipment of the company already has been a positive detriment; the more cars that were available, the greater loss to the company by doing the business.

NORTHERN PACIFIC'S WONDERFUL SHOWING.—Northern Pacific's earnings are the wonder of Wall street this year, showing increases of about 33½ per cent. right along.

THE FAILURE IN THE GRAIN TRADE of a large short in wheat. Mr. Stephen R. Post, of the Produce Exchange, N. Y., was the most important of the month, and yet it had but a brief effect on the market, although a panic was threatened had he not stopped it by meeting his creditors before the opening of the next day's market (he having failed after business was over for the day), with the assurance that he could pay them in full if his contracts for 1,500,000 short wheat and 800,000 long corn could be closed out: at about the closing prices of the previous day. This was done, and in thirty-six hours after his failure he paid his creditors in full. This was the best and quickest time on record.

WILL IT REDUCE COMMISSIONS?—The Philadelphia Stock Exchange, in self-protection, will be obliged, it is said, to reduce the rates of commission on Reading bonds. They are among the leading speculative securities of the day and promise to continue so, but New York has had a great advantage in the dealings, the rate of commission here being only half what it is in Philadelphia.

ERIE'S CONDITION STILL IMPROVING.—The statement of the Erie earnings for July came out on the 28th ult. The gross earnings for the month increased \$48,500 while, owing to growth in operating expenses, net earnings increased only \$8,500. Leased line payments increased \$9,700, thus making earnings only \$1,200 better than for July, 1887.

THE SMALLEST JULY EXPORTS OF WHEAT IN YEARS.—During July past breadstuff exports aggregated in value \$7,881,794, against \$15,759,219 in July, 1887. Wheat exports in July this year amounted to but 3,371,035 bushels, valued at \$2,899,488, against 13,543,461 bushels, valued at \$11,993,147 in July, 1887. While there was a great falling off in wheat exports during the past month compared with July a year ago, wheat flour and corn—the other principal breadstuff exports—show a large increase in quantities and values compared with July a year ago. Corn exports during the past month aggregated 2,229,951 bushels, valued at \$1,261,677, against 1,655,728 bushels, valued at \$779,217, in July, 1887. Wheat flour exports this year in July were 803,925 barrels, valued at \$3,618,875, against 632,118 bushels, valued at \$2,890,801, in July, 1887.

LARGEST EXPORTS OF COTTON ON RECORD.—The Bureau of Statistics furnishes figures of cotton exports for eleven months of the year, commencing September 1st, 1887. Up to August 1st, 1888, the exports had been 4,580,607 bales, compared to 4,354,992 for the preceding period of eleven months. This comparison shows that to the first of the present month a rate of increase continued, which has been singularly uniform for five years. The shipments of unmanufactured cotton in 1883 exceeded 4,500,000 bales, but did not again reach that amount until the present year. In 1884 the exports were 3,884,233 bales; in 1885, 3,969,568; in 1886, 4,283,723, and in 1887, 4,499,579. During the year, for which eleven months' returns are now given, they have reached the aggregate of 1881 and 1883, the largest export years of the decade.

ANOTHER BANKER GONE WRONG.—A dispatch from Detroit, of August 28, shows another banker of that city and State has gone wrong—or what is equivalent—to Canada, with \$25,000 of his partner's money and another man's wife. His name was Charles W. Waldron, of C. W. Waldron & Co., of Hillsdale, Michigan. The dispatch says: The doubts that hung about the Hillsdale sensation seem to have all cleared away to-day, and a case of breach of trust seems to be fully established. Charles W. Waldron, whose elopement with Mrs. Nellie Bidwell, of Quincy, a village twenty miles from Detroit, is the eldest son of the late William Waldron, who was the founder of the first of the national banks of Hillsdale, and a leading business man in the southern part of the State. The late ex-Congressman Henry Waldron and the Rev. Dr. C. N. Waldron, late of Detroit and formerly of New York State, were his uncles. Mr. Waldron is about thirty-five years of age. Upon the death of his father he came into possession of about \$75,000, which was increased by a legacy from his Uncle Henry to more than \$100,000. About ten years ago he engaged in banking at Reading, and about six years ago bought a controlling interest in the Second National Bank of Hillsdale, and was second president of it. About two years ago the bank went into voluntary liquidation and closed up its business. The Waldron Bank was then organized by Charles W. Waldron and E. L. Koon, under the firm name of C. W. Waldron & Co., with Mr. Waldron as manager. Last Friday the fact that Waldron had absconded became known to Mr. Koon and a few friends. He had been in Chicago, and, it is said, procured \$45,000 in bonds and currency, and gave the firm's paper for all but \$14,000. He went to Detroit, and it is currently reported that Detroit banks hold \$100,000 of his and the firm's paper to which he signed the firm's name. He took \$6,000 in currency and \$14,000 in notes from the bank at Hillsdale. All this, it is supposed, he has with him. The bank is short only about \$20,000, and is still open and doing business, and paying depositors in full. It has been ascertained

that Waldron converted all his property into money and took the woman Bidwell away with him. He was seen in Canada with the woman, Friday. His real estate was deeded to Theodore H. Hinchman, of Detroit, more than a year ago, but the deeds were not recorded until Monday. He deeded two small houses and lots to his wife, and made other provision for her. Waldron's partner, Mr. Koon, said: "He let me down for \$25,000 or \$30,000. The rest taken from here belonged to him."

Sterling exchange has ranged during August at from 4.87 @ 4.88 for bankers' sight, and 4.84½ @ 4.85½ for 60 days. Paris—Francs, 5.20½ @ 5.19½ for sight, and 5.23½ @ 5.21½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84¾ @ 4.85; bankers' sterling, sight, 4.87½ @ 4.87¾. Cable transfers, 4.88¼ @ 4.88½. Paris—Bankers', 60 days, 5.22½ @ 5.21½; sight, 5.20½ @ 5.20. Antwerp—Commercial, 60 days, 5.25 @ 5.24¾. Reichmarks (4)—bankers', 60 days, 94¾ @ 94¾ sight, 95½ @ 95¼. Guilders—bankers', 60 days, 40¼ @ 40¼; sight, 40¼ @ 40¼.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Aug. 6.	Aug. 13.	Aug. 20.	Aug. 27.
Discounts.....	5 @ 6½ .. 5 @ 6½ .. 5½ @ 6½ .. 5½ @ 6½			
Call Loans.....	1½ @ 1 .. 1½ @ 1 .. 2 @ 1½ .. 2 @ 1½			
Treasury balances, coin.....	\$157,863,447	\$157,896,518	\$158,090,337	\$158,501,766
Do. do. currency.....	20,243,851	20,564,496	20,249,868	19,999,023

DEATHS.

BAKER.—On August 11, aged seventy years, WM. B. BAKER, President of Shenandoah Valley National Bank, Winchester, Va.

BARTON.—On August 15, aged eighty-one years, GEORGE BARTON, President of National Hope Bank, Warren, R. I.

BLEDSE.—On August 2, aged fifty-four years, THOMAS A. BLEDSE, Cashier of National Valley Bank, Staunton, Va.

BRONSON.—On August 14, aged seventy-eight years, WM. C. BRONSON, President of Bronson National Bank, Painted Post, N. Y.

CURTISS.—On August 22, aged eighty-one years, CHARLES CURTISS, President of Dry Dock Savings Institution, New York City, N. Y.

DAVIS.—On August 22, aged forty-six years, GEORGE W. P. DAVIS, Cashier of West Side Bank, New York City, N. Y.

KEMERER.—On August 20, aged sixty-eight years, THOMAS KEMERER, President of First National Bank, Lehigh, Pa.

KIRKMAN.—On August 1, aged seventy-five years, JOHN KIRKMAN, President of American National Bank, Nashville, Tenn.

MEAD.—On July 19, aged forty years, CHARLES P. MEAD, President of Charleston National Bank, Charleston, W. Va.

SALISBURY.—On August 19, aged seventy-five years, THEOPHILUS SALISBURY, Cashier of Globe National Bank, Providence, R. I.

SIBLEY.—On July 12, aged eighty-one years, HIRAM SIBLEY, President of Bank of Monroe, Rochester, N. Y.

STORY.—On July 18, aged fifty-five years, A. P. STORY, President of Ross County National Bank, Chillicothe, Ohio.

STRAIN.—On August 14, HENRY STRAIN, President of Merchants National Bank, Hillsboro, Ohio.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 156.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ARK ... Paragould.	Greene County Bank.... \$12,500 Thos. H. Wyse, <i>P.</i> J. E. Riddick, <i>V. P.</i>	Western National Bank. Joseph A. Mauzy, <i>Cas.</i>
CAL.... Watsonville....	Pajaro Valley Bank..... \$25,000 John T. Porter, <i>P.</i> A. Lewis, <i>V. P.</i>	Laidlaw & Co. John J. Morey, <i>Cas.</i>
COL... Abbott.....	Abbott Bank..... \$8,500 Chas. G. Smyth, <i>P.</i>	B. Matthews, <i>Cas.</i>
DAK.... Carthage.	Farmers Bank..... John R. Palmer, <i>P.</i>	W. L. Palmer, <i>Cas.</i>
" .. Hot Springs....	Minnekahta Bank..... \$10,000 Richard C. Lake, <i>P.</i> James Halley, <i>V. P.</i>	Kountze Bros. Henry Z. Eaton, <i>Cas.</i>
" .. Madison.....	Bank of South Dak..... \$75,000 Edward L. Bradbury, <i>P.</i>	Hanover National Bank. Geo. L. Wright, <i>Cas.</i> M. C. Harn, <i>Ass't Cas.</i>
" .. Pierre.....	Pierre Savings Bank..... \$50,000 C. C. Bennett, <i>V. P.</i>	National Bank of Deposit. Eugene Steere, <i>Cas.</i>
" .. Rapid City....	Lakota B'king & Invest Co. \$50,000 V. T. McGillicuddy, <i>P.</i> H. S. Hall, <i>V. P.</i>	Hanover National Bank. J. H. Vaillette, <i>Sec.</i>
IDAHO.. Wardner.....	Miners Exchange Bank.. (De Lashmutt & Hussey)	Hanover National Bank. Horace M. Davenport, <i>Cas.</i>
ILL.... Coultersville....	Bank of Coultersville.... \$8,000	American Exchange Nat. Bank. John Q. A. Nisbet, <i>Cas.</i>
" .. Divernon.....	Divernon Bank..... \$20,000 Chas. G. Brown, <i>P.</i> Reuben S. Brown, <i>V. P.</i>	Benjamin R. Crumpler, <i>Cas.</i>
" .. Hyde Park....	Oakland National Bank. \$50,000 Horace P. Taylor, <i>P.</i>	John J. Knight, <i>Cas.</i>
IND.... Clinton.....	Citizens Bank..... \$50,000 James M. Storbuck, <i>P.</i>	Chase National Bank. W. H. Bonner, <i>Cas.</i>
IOWA... Collins.....	Exchange Bank..... Chas. Mead, <i>P.</i>	James B. Hanson, <i>Cas.</i>
" .. Lamoni.....	Farmers Bank..... \$8,000 Robt. Winning, <i>P.</i>	Hanover National Bank. Delos F. Nicholson, <i>Cas.</i>
" .. Peterson.....	Peterson Bank	
" .. Quimby.....	Bank of Quimby..... \$16,000 C. W. Fillmore, <i>P.</i> S. J. Soyster, <i>P.</i>	H. S. Parker, <i>Cas.</i> Chas. Soyster, <i>Cas.</i> F. H. Soyster, <i>Ass't Cas.</i>
" .. Sheldon.....	Iowa Savings Bank..... \$10,000 H. C. Lane, <i>P.</i> T. B. Stringfield, <i>V. P.</i>	Gilman, Son & Co. T. B. Stringfield, <i>Cas.</i>
" .. Shell Rock....	F. M. Mansfield & Co. J. H. Carter, <i>P.</i>	Kountze Bros. F. M. Mansfield, <i>Cas.</i> Jim Carter, <i>Ass't Cas.</i>
" .. Washta.....	Bank of Washta..... O. S. Newcomb, <i>V. P.</i>	James Robertson, Jr., <i>Cas.</i>
KAN.... Aurora.....	Aurora State Bank..... \$50,000 Edward K. Streiter, <i>P.</i> Samuel F. Robinson, <i>V. P.</i>	Hanover National Bank. Wm. A. Bradley, <i>Cas.</i>
" .. Aurora.....	Bank of Aurora..... \$20,000 E. T. Martin, <i>P.</i> Gus A. Beanchamp, <i>V. P.</i>	Don H. Atwood, <i>Cas.</i>
" .. Armourdale....	Citizens Bank..... \$25,000 C. E. Moss, <i>P.</i> Kelly Brent, <i>V. P.</i>	Importers & Traders Nat. Bank. Chas. S. Squier, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN	Greeley.....	Bank of Greeley..... John M. Bowman, <i>P.</i>	W. G. Roth, <i>Cas.</i> Gilman, Son & Co.
"	" Greeley.....	Citizens Bank..... Loss Peterson, <i>P.</i>	National Bank of Republic..... L. U. Harrison, <i>Cas.</i>
"	" .. \$50,000	J. C. Wideman, <i>V. P.</i>	
"	" .. Manchester.....	Bank of Manchester..... (Sawyer, Clarke & Co.)	American Exchange Nat. Bk.....
"	" .. \$15,000	Bank of Marvin.....	
"	" .. \$15,000	L. A. Wheeler, <i>P.</i>	A. R. Hayes, <i>Cas.</i>
"	" .. Pierceville.....	G. W. Wight.	
"	" .. \$10,000		
"	" .. Smith Centre.....	Farmers Banking Co. Alexis Halter, <i>P.</i>	Stephen M. Wilcox, <i>Cas.</i>
"	" .. \$10,000	J. W. Weyand, <i>V. P.</i>	
KY.	" .. Hawesville.....	Hancock Deposit Bank..... W. W. Taber, <i>P.</i>	United States National Bk..... W. S. Thomas, <i>Cas.</i>
"	" .. \$15,000	S. L. McAdams, <i>V. P.</i>	
MASS.	" .. Boston.....	Commercial Nat. Bank..... Otis Hinman, <i>P.</i>	Geo. B. Ford, <i>Cas.</i>
"	" .. \$250,000	B. M. C. Durfee Safe Dep. & Trust Co.	
"	" .. Fall River.....	John S. Brayton, <i>P.</i>	Arthur W. Allen, <i>Treas.</i>
"	" .. \$100,000	Ludlow Savings Bank..... Chas. F. Grosvenor, <i>P.</i>	Geo. A. Birnie, <i>Treas.</i>
"	" .. Springfield.....	Woodbury, Moulton & Stearns.	
MINN.	" .. Lake Benton.....	Matthews & Kimball's B.	Corbin Banking Co.
"	" .. \$6,500	A. C. Matthews, <i>P.</i>	G. R. Kimball, <i>Cas.</i>
"	" .. Tower.....	First National Bank..... H. A. Ware, <i>P.</i>	Geo. W. Hertges, <i>Cas.</i>
"	" .. \$50,000	Nash & Smith.	
"	" .. Tyler.....		
MO.	" .. Cameron.....	Bank of Cameron..... W. H. Bohart, <i>P.</i>	Kountze J. E. Bohart, <i>Cas.</i>
"	" .. \$5,000	Nichols Banking Co.....	
"	" .. Kansas City.....	Wyaconda Sav. Bank..... John Ewing, <i>P.</i>	Chas. H. Nichols, <i>Cas.</i> Hanover National Bk.
"	" .. \$10,000	First National Bank..... James H. Davis, <i>P.</i>	Wilson W. Weber. Chemical National Bk.
NEB.	" .. Gibbon.....	Samuel C. Bassett, <i>V. P.</i>	Horace F. Flint, <i>Cas.</i>
"	" .. \$50,000	Edward A. Brodboll.	
"	" .. Lindsay.....	Nemaha City Bank..... Henry W. Shubert, <i>P.</i>	Chas. H. Early, <i>Cas.</i>
"	" .. \$6,500	Bank of Norman..... (Kingsley Bros.)	Gilman, Son & Co.
"	" .. Norman.....		
N. J.	" .. Salem.....	City National Bank..... Wm. T. Hilliard, <i>P.</i>	Biddle Hiles, <i>Cas.</i>
"	" .. \$100,000	Bank of New Rochelle..... Wm. W. Bissell, <i>P.</i>	Lincoln National Bk. Harry H. Todd, <i>Cas.</i>
N. Y.	" .. New Rochelle.....	Geo. Ferguson, <i>V. P.</i>	
"	" .. \$30,000	H. T. Webb.	Columbia Bk.
"	" .. Skaneateles.....	Commercial Bank..... Calvin E. Riley, <i>P.</i>	United States National Bk. John Milligan, <i>Cas.</i>
OHIO.	" .. Celina.....	Sandusky Savings Bank..... George Barney, <i>P.</i>	J. B. Pulskamp, <i>Ass't Cas.</i> Vermilye & Co.
"	" .. \$25,000	Andrew Zerbe, <i>V. P.</i>	
"	" .. Sandusky.....	Arlington Nat. Bank..... Nathan A. Cornish, <i>V. F.</i>	Harvey C. Condon, <i>Cas.</i>
ORE.	" .. Arlington.....	M. Burr Casselberry & Co.	
"	" .. \$50,000	J. H. McLure	National Park Bk.
"	" .. Prospect.....	Chas. Hyde & Son..... Chas. Hyde, <i>P.</i>	First National Bk. Wm. C. Hyde, <i>Cas.</i>
"	" .. Titusville.....	Louis K. Hyde, <i>V. P.</i>	
S. C.	" .. Aiken.....	Aiken Co. Loan & S. B. W. W. Woolsey, <i>P.</i>	J. W. Ashhurst, <i>Cas.</i>
"	" .. \$50,000	W. M. Hutson, <i>V. P.</i>	
"	" .. Farmers Bank.....		Chemical National Bk.
TENN.	" .. Shelbyville.....	Robt. P. Frierson, <i>P.</i>	Robt. W. Clark, <i>Cas.</i>
"	" .. \$30,000	H. Clay Dive, <i>V. P.</i>	J. B. Frierson, <i>Ass't Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TENN...	Union City.....	First National Bank.....	United States National Bank.
	\$50,000	T. J. Edwards, <i>P.</i> R. P. Whitesell, <i>Cas.</i>	
		J. E. Beck, <i>V.</i> P. Frank O. Watts, <i>Ass't Cas.</i>	
VA.....	Leesburg.....	Peoples National Bank..	Hanover National Bank.
	\$50,000	Jos. D. Baker, <i>P.</i> H. A. Thompson, <i>Cas.</i>	
WASH..	Seattle.....	Washington Sav. Bank..	Kountze Bros.
	\$50,000	W. W. Dearborn, <i>P.</i> H. W. Higgins, <i>Cas.</i>	
		B. B. Dearborn, <i>V. P.</i>	
WYO..	Rock Springs...	First National Bank.....	
	\$50,000	Henry G. Balch; <i>P.</i> Augustine Kendall, <i>Cas.</i>	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 158.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY...	West Side Bank.....	Theo. M. Bertine, <i>Cas.</i>	Geo. W. P. Davis.*
ALA...	City National Bank, Selma....	H. I. Shelley, <i>Ass't Cas.</i>	W. P. Parrish.
ARK...	Bank of Jonesboro, Jonesboro.	Sam. A. Warner, <i>P.</i>	Wm. H. Cate.
DAK...	Bank of Hamilton, Hamilton..	Geo. J. Anderson, <i>Cas.</i> ...	Newt. G. Ball.
"	Farmers & Merchants Bank, {	L. L. Lostutter, <i>P.</i>	D. M. Frederick.
"	Iroquois. {	E. E. Pinkerton, <i>Cas.</i>	L. L. Lostutter.
"	Citizens Bank, Pierre.....	J. L. Keyes, <i>Cas.</i>	Eugene Steere.
ILL.....	Fort Dearborn N. B., Chicago.	E. E. Crepin, <i>V. P.</i>	
IOWA...	First Nat. B., New Hampton..	O. B. Sherman, <i>P.</i>	A. E. Bigelow.
"	Sac County Bank, {	Asa Platt, <i>P.</i>	A. D. Peck.
"	Sac City. {	M. J. Cowley, <i>V. P.</i>	Phil. Schallie.
"	First National Bank, {	T. P. Bender, <i>V. P.</i>	
"	Spencer. {	P. E. Randall, <i>Cas.</i>	
KAN....	First National Bank, {	N. B. Nutt, Jr., <i>Cas.</i>	W. F. Cowell.
"	Clyde. {	E. D. Curtis, <i>Ass't Cas.</i> ...	
"	State Bank, Clyde.....	W. F. Cowell, <i>Cas.</i>	C. R. Piper.
"	American State B., Dodge City.	E. E. Smith, <i>Cas.</i>	Ed. Wiebenson.
"	First National Bank, {	J. W. Rush, <i>P.</i>	E. M. Parlin.
"	Great Bend. {	C. M. Wickwire, <i>Cas.</i>	S. E. Prentiss.
"	B. of Geuda Springs, Geuda Sp'.	F. H. Thwing, <i>Cas.</i>	Edward C. Gage.
"	Provident Sav. B., Kansas City.	M. C. Merrill, <i>P.</i>	John L. White.
"	Jewell Co. N. Bank, Mankato..	D. C. Smutz, <i>Cas.</i>	Geo. B. Goodrich.
"	First N. Bank, Medicine Lodge.	P. A. Simmons, <i>V. P.</i>	
"	First National Bank, {	C. G. Webb, <i>Cas.</i>	Frank Cox.
"	Stafford. {	F. McKinney, <i>Ass't Cas.</i> ...	C. G. Webb.
KY.....	Louisville City Nat. Bank, {	James A. Leech, <i>V. P.</i> ...	G. S. McKeirnan.
"	Louisville. {	W. S. Parker, <i>Cas.</i>	James A. Leech.
"	Morgantown Dep. B. Morgantown.	John M. Carson, <i>Cas.</i>	Jerome T. Moore.
ME.....	Belfast Savings Bank, Belfast.	N. F. Houston, <i>P.</i>	Asa Faunce.
"	Houlton Sav. Bank, Houlton..	Leland O. Ludwig, <i>T.</i>	John H. Bradford.
MICH..	Amer. Exch. Nat. B., Detroit..	M. S. Smith, <i>V. P.</i>	Chas. Root.
MINN...	State Bank, {	S. E. Olson, <i>P.</i>	John Paulson.
"	Minneapolis. {	J. J. Ankeny, <i>V. P.</i>	
MO....	Browning Sav. B., Browning..	W. T. Prather, <i>Cas.</i>	W. P. Taylor.
"	De Kalb-Clinton Bank, {	A. J. Culbertson, <i>P.</i>	John Parr.
"	Stewartsville. {	W. C. Wilkinson, <i>V. P.</i>	
"		A. B. Chrisman, <i>A. Cas.</i> ...	
NEB....	Citizens Bank, {	H. A. Allen, <i>V. P.</i>	Geo. W. Lusk.
"	Atkinson. {	H. H. Saunders, <i>Cas.</i>	Scott T. Jones.
"	First Nat. Bank, of Burwell..	H. J. Robbins, <i>P.</i>	J. E. Hale.
"	Burwell. {	Chas. J. Robbins, <i>Cas.</i> ...	Geo. A. Percival.
"		W. E. Mitchell, <i>Ass't Cas.</i> ...	
"	Bank of Chester, Chester....	J. P. Beermaker, <i>Cas.</i>	O. H. Brainerd.
"	Commercial S. B., Holdrege...	A. E. Finch, <i>P.</i>	J. G. Miller.
"	Bank of Kimball, Kimball..	L. W. Bickel, <i>Cas.</i>	F. M. Shirley.
"	State Bank, {	B. F. Bradbury, <i>V. P.</i> ...	W. H. Searles.
"	Lebanon. {	Walter Devoe, <i>Cas.</i> ...	L. L. Searles.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected</i>	<i>In place of</i>
NEB....	Nebraska Savings Bank, Lincoln.	J. G. Southwick, <i>P.</i>	E. M. Lewis.
" ..	Keith County Bank, Ogallala.	E. M. Lewis, <i>V. P.</i>	G. W. Thomas.
" ..	Bank of Petersburg, Petersburg.	H. Carnahan, <i>Cas.</i>	G. W. Thomas.
" ..	Park Bank, Stromsburg.....	G. W. Thomas, <i>A. Cas.</i>.....	.....
" ..		J. A. Reichenbach, <i>P.</i>.....	.....
" ..		S. A. Reichenbach, <i>V. P.</i>.....	.....
" ..		F. Jouvenat, <i>Cas.</i>	Robt. Hoy.
" ..		J. W. James, <i>Cas.</i>.....	.....
N. Y....	German-Amer. Bank, Buffalo.	Geo. Sandrock, <i>P.</i>.....	.....
" ..	First National Bank, Canton..	W. N. Beard, <i>Cas.</i>	John Pickens.
" ..	First Nat. Bank, Jamestown...	F. E. Gifford, <i>P.</i>.....	.....
" ..	Bronson Nat. B., Painted Post.	A. Weston, <i>P.</i>	Wm. C. Bronson.*
" ..	Bank of Monroe, Rochester....	Hiram W. Sibley, <i>P.</i>	Hiram Sibley.*
OHIO....	Ross Co. Nat. B., Chillicothe..	Wm. Poland, <i>P.</i>	A. P. Story.*
" ..	Merchants National Bank, Hillsborough.	E. L. Ferris, <i>P.</i>	Henry Strain.*
" ..	First National Bank, Monroeville.	A. Matthews, <i>Cas.</i>	E. L. Ferris.
" ..		Henry P. Stentz, <i>P.</i>	J. S. Davis*
" ..		B. W. Salisbury, <i>Cas.</i>	Henry P. Stentz.
ORE....	Capital National Bank, Salem.	W. W. Martin, <i>V. P.</i>	H. Carpenter.
PENN....	Monongahela N.B., Brownsville	Gibson Burns, <i>P.</i>	Geo. E. Hogg.
" ..	First National Bank, Latrobe.	D. L. Chambers, <i>V. P.</i>	S. H. Baker.
" ..	N. B. of New Brighton, New Brighton.	H. H. Smith, <i>Ass't Cas.</i>	Jos. E. Barnett.
" ..		R. S. Kennedy, <i>V. P.</i>.....	.....
R. I....	Globe Nat. Bank, Providence	Geo. C. Noyes, <i>Cas.</i>	T. Salisbury.
" ..	Warren Inst. for Sav., Warren.	Edward A. Swift, <i>P.</i>	Geo. Barton.*
S. C....	Peoples Bank, Greenville.....	Wm. C. Beacham, <i>Cas.</i>	John W. Norwood.
TENN....	American National Bank, Nashville.	Edgar Jones, <i>P.</i>	John Kirkman.*
" ..		W. N. Tippens, <i>Ass't C.</i>.....	.....
TEXAS..	First Nat. Bank, Alvarado.....	M. Sansom, <i>P.</i>	H. W. Trippet.
" ..	First Nat. Bank, Denison.....	Wm. G. Meginnis, <i>V. P.</i>	W. M. Mack.
" ..	Citizens Nat. B'k. Weatherford.	A. N. Grant, <i>Act'g Cas.</i>	H. P. Hilliard.
VA.	Shenandoah Valley N. Bank, Winchester.	Henry S. Slagle, <i>P.</i>	Wm. B. Baker.*
WASH..	Merchants N. Bank, Tacoma.	Samuel Collyer, <i>Cas.</i>.....	.....
W. VA..	Charleston N. B., Charleston..	Dr. L. Prichard, <i>P.</i>	Chas. P. Mead.*
Wis....	Bank of Durand, Durand.....	H. L. Smith, <i>Cas.</i>	A. J. Fowler.
WYO....	Wyoming N. B., Laramie City.	F. E. Scrymiser, <i>P.</i>	Edward Ivinson.
ONT....	Can. B. of Commerce, Seaford.	John Aird, <i>Mgr.</i>	A. H. Ireland.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from August No., page 159.)

3916	Oakland National Bank.....	Horace P. Taylor,	
	Hyde Park, Ill.	John J. Knight,	\$50,000
3917	Peoples National Bank.....	Jos. D. Baker,	
	Leesburg, Va.	H. A. Thompson,	50,000
3918	Arlington National Bank.....	Nathan A. Cornish,	
	Arlington, Ore.	V. P. Harvey C. Condon,	50,000
3919	First National Bank.....	T. J. Edwards,	
	Union City, Tenn.	R. P. Whitesell,	50,000
3920	First National Bank.....	Henry G. Balch,	
	Rock Springs, Wyo.	Augustine Kendall,	50,000
3921	First National Bank.....	James H. Davis,	
	Gibbon, Neb.	Horace F. Flint,	50,000
3922	City National Bank.....	Wm. T. Hilliard,	
	Salem, N. J.	Biddle Hiles,	100,000
3923	Commercial National Bank...	Otis Hinman,	
	Boston, Mass.	Geo. B. Ford,	250,000
3924	First National Bank.....	H. A. Ware,	
	Tower, Minn.	Geo. W. Hertges,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from August No., page 159.)

- N. Y. CITY..... Bank of America, temporary address 54 William street.
 " .. Bank of North America, temporary address Mills Building.
 " .. Gwynne & Day, succeeded by Clarence S. Day, same address.
- COL.... Yuma..... The Bank of Yuma, now State Bank of Yuma, same officers and correspondents.
- DAK.... Altoona.... Bank of Altoona, now Bank of Hitchcock, name of town changed to Hitchcock.
 " .. Madison..... American Mortgage and Investment Co. have made an assignment.
- GA.... Atlanta..... North Side Savings Bank (Chas. C. Nelson & Co.), reported closed.
- IDAHO.. Wardner..... Agency Bank of Murray, succeeded by Miners Exchange Bank, De Lashmutt & Hussey, proprietors.
- IND.... Boswell..... Citizens Bank, now Citizens State Bank, same officers and correspondents.
- IOWA... Pomeroy..... Pomeroy Exchange Bank (Brownell & Gould), now Brownell & Horton, proprietors, same correspondents.
- KAN. .. Pierceville. Pierceville State Bank, succeeded by G. W. Wight.
- MASS.. Fall River..... B. M. C. Durfee & Co., succeeded by B. M. C. Durfee Safe Deposit & Trust Co.
- MINN... Hutchinson... Bank of Hutchinson has sold out to Citizens Bank.
- NEB.... Fairmont..... Union Bank is closed.
 " .. Gandy..... Logan Co. Bank has gone out of business.
 " .. Gibbon..... James H. Davis & Co., now First National Bank.
 " .. Grafton..... The Peoples Bank of Grafton has removed to Fairmont.
 " .. Petersburg..... Bank of Petersburg has been incorporated.
 " .. Tecumseh..... Merchants Bank sold out, and transferred its business to the Chamberlain Banking House.
- OHIO... Cincinnati. Cincinnati National Bank has gone into voluntary liquidation.
- PA.... Pottstown. J. W. Casselberry & Co., succeeded by M. Burr Casselberry & Co.
 " .. Prospect... J. M. Leighner, succeeded by J. H. McLure.
- TEXAS . Clarendon. Wood-Dixon Mercantile & Banking Co., succeeded by The O. P. Wood Mercantile & Banking Co., same officers
- WYO... Ft. Fred Steele.. Hugus & Chatterton have gone out of business.
 " .. Rock Springs.. Sweetwater County Bank succeeded by the First National Bank, same officers and correspondents.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, AUGUST, 1888.

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THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

OCTOBER, 1888.

No. 4.

THE BANKERS' CONVENTION.

About the time this number of the MAGAZINE shall be received by our readers, the members of the American Bankers' Association will be in session at Cincinnati. These annual gatherings are always pleasant, and in some degree profitable, but not nearly so much so, in our judgment, as they might be. Probably, of all the yearly gatherings of the various associations in the country, scientific and otherwise, there are less solid results to put before the world from these meetings of bankers than from almost any other body of a similar character. There was a time, in the early history of the association, when the subject of bank taxation was a pressing one, that the members were in earnest in the consideration of the question, and of securing redress from Congress. Since the passing away of that question there has been no other of equal importance before the association; and while the papers read from year to year have some interest and value, yet no one will question that they hardly command as much attention as the papers of other bodies, either at the time of their delivery or afterward. In other words, the meetings of the association for the most part are of an ephemeral character, very pleasant to attend, regarded with considerable interest by a hundred or more who attend with commendable regularity, but which fail to impress anyone, and especially to influence legislation, either State or national.

It is true that too much influence has often been assigned to

the proceedings of the association; and for that very reason some bankers have been disinclined to attend; because, owing to the jealousy that exists on the part of many toward bankers, it has been thought that if no such an association existed, perhaps less attention would be drawn to them, and they would escape unfavorable criticism. This opinion has been shared by not a few bankers, and accounts in part for the lukewarm interest which they manifest in the association. They maintain that no legislation is required, either from State or nation, for the proper transaction of their business, and therefore that no real basis for such an association exists. Yet, as this state of things is not understood, or, to put the idea in another way, as its object is persistently misrepresented, it has been thought advisable by many that these meetings should not occur very frequently, or not at all, thus escaping the criticism called forth by them. Whatever truth there may be in this view, it is certain that, notwithstanding the number of years that the association has lived, it has not awakened much interest in the banking world.

There is, however, a very specific work for such an association to do, and the sooner it is begun the better. All of the States in the Union have various laws and conflicting decisions pertaining to bills of exchange, promissory notes, and other mercantile paper; and in consequence of this varying and uncertain state of the law, the business of negotiating such instruments and obtaining payment, the suing in the event of non-payment and final recovery, are all matters of prime importance; and it is very desirable that uniformity in these regards should exist in the various States and territories. Now, this is a great field of work in which the association might engage with the best prospect of accomplishing a real, permanent good. It is true that a committee has existed for several years, whose object is to draft a code of law on this subject for adoption and enforcement everywhere. Eminent counsel have been employed for the purpose, but for some reason or other not much has yet been accomplished. In England a statute exists on the subject. Doubtless it would be more difficult to frame such an act here than in England; yet, on the other hand, the necessity for such a one here is greater. Why does not the association attempt this? To accomplish this end, not only is legal talent needful, but it must be combined with banking experience. Now, if a code were reported to the convention, and printed for the use of the members, the consequence would be that at the next convention, a year hence, the whole subject could be thoroughly discussed, papers read on the principal points, pointing out still further amendments, and after such discussion, lasting, perhaps, through two or three years, a code might be finally matured by

the convention, and recommended to the several States for adoption. Is not this a piece of work in which the best members of the association could engage, and also with the belief that in due time they would reap very desirable fruit?

Furthermore, the consideration of this subject might be undertaken by the local bank organizations which now exist in various parts of the country. Evidently, these will multiply in the future, and especially if there was a piece of work of this magnitude for them to do. There would be a much stronger motive for forming such associations as subordinate to the principal or central organization. In this way the work of perfecting a code could be advanced with considerable rapidity.

At this point it is also worth while to inquire whether the local associations ought not to bear some relation to the American Bankers' Association. One can readily understand why they should, perhaps, have a more vigorous life than a larger organization which meets but once a year. Our country is so broad that yearly gatherings, with few exceptions, are not attended with that interest, nor so fully, as in smaller countries like Great Britain or France, where the members, by a day's traveling, can easily get to the place of meeting. This is one reason, probably, why the American Bankers' Association does not have a larger attendance from year to year; while, on the other hand, the local organizations, if constituting part of the central one, would very likely be formed with more rapidity, be conducted with more spirit, and have a more definite object than they have at present.

Besides the work above indicated for the general and local organizations, there is still ever-present in the minds of many the thought of doing something in the way of educating the younger members engaged in banking. For several years past this subject has been discussed at every meeting of the association; but the chief difficulty in the way of accomplishing much is the fact that the association meets only once a year, and the distances are too great to attract those who are most in need of the help which the association would be glad to render. But this work can be very readily done by the local bodies. A committee could be appointed, and lecturers and instructors of various kinds secured, libraries formed, and all the needful facilities furnished for pursuing a complete banker's education, as is done in Scotland, London, and in other places in Europe. There is not the smallest difficulty in the way of carrying out this work here locally, but, as we have already seen, the Bankers' Association has not accomplished much in this way, and is not, we think, likely to accomplish much, for the reasons above given. Let a connection be formed between the general association and the local ones, and then let

the work be undertaken specifically by the latter, and there would doubtless spring from these efforts gratifying results. At all events the experiment would cost but little, and is worth trying. From the letters which we constantly receive from clerks in banks throughout the country, we are certain that there are a very considerable number who are desirous of fitting themselves more perfectly for their work, and who are at present inadequately provided with books and means of informing themselves. There should be a bankers' institute in all the larger cities, under the control of a local bank association, and which should have a library and where instruction by book and lecture could be given.

Why should we be so much slower than the countries of the old world in this regard? Surely the bank clerks are no better trained in the beginning than those who enter banking associations on the other side of the water. Nor is the business any simpler here or less complicated than banking elsewhere. Just as high an order of ability is required; just as much faithfulness and efficiency in every regard; and there is not a single reason why less attention should be paid to this great and important subject here than is paid to it in England, France, Germany, and other countries. We are certainly very slow in doing what is practicable and without much expense, for that large number of bank clerks who are desirous of fitting themselves more perfectly for their work. Will not the members of the American Bankers' Association and bankers generally awaken to the importance of heeding this admonition?

RAILROAD MANAGEMENT AND DIVIDENDS.

The passing of the dividend by the Chicago, Milwaukee and St. Paul Railroad the other day, has formed the basis for much adverse criticism on the management of that great corporation. Those who have failed to receive it, and whose stock has suddenly tumbled eight or ten points, are in many cases loud in their denunciations of the conduct pursued by the directors. They assume without investigation that the directors have been flagrantly guilty of mismanagement in bringing about this state of things. It is not our purpose to defend the conduct of the directors, for we do not pretend to know whether they are guilty or not of the misconduct ascribed to them; but two or three points in this connection occur to us, which are worth consideration.

First, whenever a corporation has been unsuccessful at a particular period it is the most natural thing in the world to blame somebody for the result. If the president or some director

or directors had been wiser and had seen further into the future, or had been more vigilant, or had omitted to do this, or had done the other thing, the untoward result would not have happened. This sort of criticism has always prevailed in the world, and doubtless will prevail until man arrives at such a state of perfection that he will commit no more blunders in managing corporations, or in conducting his own private affairs. But it does not follow when dividends are passed and other misfortunes overtake corporations, that any one has been guilty to such a degree as to be justly liable to criticism. Very likely the directors of this corporation might have been more conservative; they might have done differently, whereby the disaster might have been avoided; but this we know, the same thing has occurred again and again with other companies, and at other times when speculation was less rife, and when there was less feeling of distrust in the capacity and honesty of managers than exists now.

The most important point to be brought out in this connection is, Did the managers deceive the public by making incorrect statements at any time? It is unquestionably true, that too often corporations have been guilty of keeping their accounts in such a way as to deceive the public. For example, it was reported the other day that the losses to the Chicago, Burlington and Quincy Road, in consequence of the recent strike, were not to be charged to one month, but to be distributed throughout the year, for the purpose of making the loss seem less than it really was, and for covering as much as possible the full extent of that calamity. We do not know whether this report is true or not, but we do not hesitate to say that if it is, the directors cannot be criticised too severely for attempting to do such a thing. This remark applies especially to railroad corporations, which in most respects are public corporations, amenable to law, and whose stock is held by a large number of persons, who are immediately interested in knowing how the accounts are kept, and all the particulars relating to their management. While we do not insist that every transaction of a railroad corporation should be blazed abroad, it is certain that the stockholders are entitled to full and accurate information concerning the accounts of these institutions; and they should be kept in such a way that intelligent persons can understand them and clearly know about their earnings and expenditures. If the St. Paul has kept its accounts in this manner, if the public at all times has had full knowledge about the receipts and expenditures, how can the stockholders with justice blame the directors for passing this dividend? It was known long ago, that the receipts were falling,

while the expenditures were not diminishing in a corresponding degree. It was also known that the rolling stock was not in as good condition as the business of the road warranted, and therefore that a time was soon coming when either a dividend must be passed, or money borrowed for tiding over the series of unfortunate events which have marked the history of that road during the last year or two. These facts were in possession of the public, and the dullest stockholder, if he had desired, could have easily learned all the more important acts relating to the management of that corporation. So there is not the smallest occasion for surprise over the event which has just happened. Now, that the dividend has been passed, the unlucky stockholders suddenly open their eyes and begin their fire of denunciation. The truth probably is, they have no persons to denounce except themselves; and what is true in this case, is true in hundreds of other cases. Again and again we have endeavored to impress on our readers the fact that stockholders have something to do beside electing directors to manage their property for them. Directors should always be watched, even in the best managed concerns; and those are the best managed in which the stockholders take the most interest, both in the selection of directors and in the investigation of their proceedings. There is great negligence on the part of stockholders in these particulars in our country, and if they would only pay more attention to the corporations in which they are interested, there would be less passing of dividends and fewer charges of fraud and mismanagement of directors.

Sharing Profits with Employees.—C. A. Pillsbury & Company, of Minneapolis, the largest milling firm in the world, have just divided forty thousand dollars among their employees. This is the outcome of a profit-sharing plan adopted four years ago, and which contains the promise of a definitive settlement of the labor question. Both employed and employer are entitled to a fair division of the profits accruing from their joint enterprise, and neither the one nor the other will ever be satisfied until such a settlement is made; nor ought either party to be. The laborer is entitled to a fair reward for his services, and likewise the employer for his service and capital; and a division on any other basis is manifestly inequitable, and therefore unsatisfactory. This idea is becoming deeply grounded in the minds of both classes all over the country, and experiments of the above-mentioned nature, adapted to the different kinds of business, are undergoing trial. Doubtless some of them will fail, but, in the end, the plan underlying them contains the solution of this great question.

A REVIEW OF FINANCE AND BUSINESS.

THE IMPORTANT CHANGES OF THE MONTH.

There have been two important changes in the business situation during the month of September; one commercial, the other financial, yet connected with each other, and the latter dependent in part upon the former. One was the serious damage to the spring wheat crop of the Northwest, owing to the almost unprecedented frosts at the close of August and beginning of September, which caught the wheat in the northern half of the great spring belt in the milk, and reduced both quantity and quality from twenty-five to fifty per cent., caused a boom in the wheat market, and precipitated the collapse in the stock of the Granger railroads, which had been depending upon a big spring wheat crop to help them out of their severe losses on the first six months' business of the year. The other was the upheaval in the stock market, caused directly by the confession of the St. Paul road that it had exhausted its resources for paying dividends any longer on its common stock, and that it had not earned, so far this year, its former preferred dividends, which also had to be cut down for the first time in years.

THE COLLAPSE OF THE GRANGER STOCKS.

As this was taken to be a fair indication of the condition of the other Granger, and especially of the spring wheat roads, it was such a shock, both to speculators and investors, as has not been received in Wall street since the trunk line collapse a few years ago, caused by the West Shore and other paralleling systems, and precipitated then, as now, in the case of the Grangers, by poor crops, on which the new and old systems depended.

Now, as then, also, Wall street was taken by surprise, though the result of building parallel lines, in advance of the wants of the country, was as plain then, to anyone who would stop to forecast the inevitable, as the building of the Granger parallels has been, during the past three years. The collapse in the market for these hitherto gilt-edged dividend stocks has been predicted in these columns for two years, and a repetition of the West Shore experience. Speculative directors, however, have been able to stave off this inevitable by borrowing money, or taking former surplus earnings held as a reserve against bad years, to pay unearned dividends for a year past or more; and, had the wheat crop turned out what was expected a month ago, they might have been able to pay dividends another year, in the same way, as, no doubt, some of

the directories of these non-dividend earning Granger roads had intended, until within the past month, and the partial failure of the spring wheat crop had so impaired their prospective earnings and credit as to make it impossible. Hence the surprise, the shock, and the collapse, which is not over, though the market has since rallied on the covering of shorts, and the unexpected support of the foreign stockholders, who have been loaded by the St. Paul directors with the bulk of the common stock, which they promptly decided to protect, by taking the control of that and some other Granger roads hereafter into their own hands.

THE POSITION OF OTHER RAILROAD SYSTEMS.

As a result of, and following this collapse in the Grangers, came the unloading of the coal stocks, which had been boomed with the former; and, either investors on the inside or outside, came to the conclusion that they must go down together, and that it would be well to take recent profits, while the coal trade was still active in filling its August contracts at old prices, and before cutting of tolls by the roads next month, or of prices by dealers, should show that the late activity had been at the expense of the fall and winter business, and in anticipation of future wants, before the late threatened advance should occur.

While this was no doubt the cause of the outpouring of long Reading and Lackawanna stock, the conditions of the two systems of roads are entirely different, though the speculation in their stocks may have been worked together by the cliques that have controlled them hitherto. The coal roads as a whole, have gone through the "Sweating Process," as it is called in Wall street, as well as the trunk lines. In other words, their excess of facilities for mining and transporting coal, which bankrupted many of them ten years ago, has been overtaken by the growth of the country and of the trade, which in the last decade, has increased the demand from fifty to one hundred per cent., and until the production, or capacity therefor, has been overtaken by consumption or nearly so, just as the growth of the country and of local business along their routes has overtaken the capacity of the trunk lines in the last decade.

THE FUTURE OF THE STOCK MARKET.

Hence the future of the stock market is not so gloomy as the Bears have painted. The weak Grangers are the dead weight, and they cannot be restored to their old place by good management even after so much and so long mismanagement. But they will have to get along as best they may, in bankruptcy or out, as crops prove poor or good, for the next few years, or until the country and

its wants grow up to their increased facilities. This will come about sooner in the new West, than in the older and slower going East. Meantime, there are some of the Grangers less paralleled than others, which will be able to keep up fixed charges and perhaps dividends. But if these are not all reduced, it will be fortunate for their stockholders.

The trunk lines and coal roads, however, which have been on the reduced or non-dividend basis for several years, should rather increase their earnings, and hence their dividends, this year, as the other crops than wheat, on which they are not chiefly dependent, like some of the Grangers, are large, and the general traffic, like the coal, is larger than of late years. The same is true of the Union and older Pacific roads, whose local business has grown important after twenty years, and self-supporting, whereas, in their infancy, the through business, on which the newer Pacific roads are now trying to live, was their main dependence. The Northern Pacific's splendid showing thus far this year, may be kept up, but scarcely likely, in view of the damage to spring wheat, which must unfavorably affect the Canada Pacific also, while the more southern routes to the Pacific are, like the pioneer routes, in their infancy, and cannot earn dividends yet, though some of them have been paying unearned ones, which are likely soon to be passed. Southern roads, while suffering now from the yellow fever scourge, are likely to make good next winter their present loss, as the growth of the South is about equal to the increase of her railroad facilities as a whole, though Texas and Virginia still have several chronic non-dividend payers, due to over-building to connect with northern or Pacific systems, or to mismanagement. But the business is already there, and the railroads are doing more and the water routes less of the increase each year.

THE POSITION OF THE GRAIN MARKETS.

Wheat has attracted the most attention outside of stocks, and has been most affected by the causes above noted, because of its immediate connection with the sensational developments in the financial condition of the Granger system of railroads, while the corn crop, the prospects of which were the basis of the boom in these same Granger stocks during August, has been lost sight of, though the danger was greatest in September. This has happily been passed without damage, except in the Northwest and in New England, where too little is raised to affect materially the general result. What, therefore, has been lost on the spring wheat condition, has been secured with the maturity of a 2,000,000,000 corn crop, which is nearly 100,000,000 bushels more than the great crop of 1885, about 500,000,000 over an average, and still more in excess of the two last

crops. Though it was the prospect of such a crop as this, on which the stock market was bulled so sharply during August, it will not affect railroad earnings nor the spot market for corn until January to any extent, for, until then, we seldom, if ever, get a large movement. Yet it has affected the minds of speculators, who always anticipate, and, as usual, too soon. Hence they have sold down the corn market, while they have bought up the wheat market, until they have apparently overdone the situation both ways, as wheat was sold down a month ago or more on the fine prospects of spring wheat, and corn bulled on the cold weather and backward season, until the Bears in the former, and the Bulls in the latter, were both caught. So now they seem to have gotten into another bag as bad as that in August, only the position is reversed.

THE SPECULATION IN WHEAT.

The shorts in wheat, then, were the Chicago operators, and the longs were the foreign houses, who bought on the damage to the European crop by an unusually cold, wet, and late harvest. They compelled the shorts to cover on the August boom while they unloaded at a large profit, and waited for a reaction, although buying no cash wheat of any amount, as the fine weather of September in Europe has enabled the crop there to be secured in better condition, and more of it, than expected. But in the meantime the Northwest turned Bulls on the greater damage to spring wheat by frosts than supposed before threshing showed a large proportion of shrunken wheat. The large Minneapolis millers, finding there would be less than half of the crop No. 1 Hard, which is chiefly used by them in milling, began to buy all of that grade they could on the spot and for future delivery. As Duluth was the chief market for that wheat, and the only speculative one calling for the delivery of that grade, they bought there until they ran the price actually higher, by several cents, than the price for the same month in New York, namely December, although last summer No. 1 Hard sold here for less than 2 Red, and was delivered on contract in place of it for large amounts. Hence the Northwestern millers have led the September boom in wheat, and the smallest and farthest western speculative market we have, Duluth, has made the price for Chicago and forced New York, which was Bearish, to follow, and at last started the foreign markets up in face of heavy deliveries of home-grown wheat on the other side, and of spot markets there, relatively five to seven cents per bushel below New York. At the same time Chicago is three to four cents higher than the usual level with New York, and Duluth is about twice as much above a New York basis. Thus it will be seen that our primary or supply markets are at

least eleven cents, and from that to fifteen cents per bushel over the final outlet or demand markets. But this is met by the claim that we have no more wheat than we shall want for home use, and for flour for export. The Bears here predict the ruin of the Northwest on their Bulling of what is known in the trade as a "stump tail crop" during the first half of the crop year, while they have shut out all export demand, and are enabling Russia and the rest of the world to get higher prices for their wheat than in over five years, as the old dollar mark has not only been passed here but in the Western markets also, and flour has followed wheat, fully contrary to custom.

THE CORNER IN LARD.

With the advance in wheat, and the reaction from the Big Crop Bear speculation in corn, the markets for hog products have begun to sympathize, even after a wild advance, with but little reaction in lard, engineered by the Fairbanks clique in Chicago, who secured a large short interest in that market for October, with ail the cash lard there and in New York, and then drove the price up nearly two cents per pound on the shorts until they "margined" most of them out, and forced them to cover at two to three cents per pound loss, or from \$1,600 to \$2,400 on every 250 tierces. The losses of the shorts were enormous, and the market is now in the abnormal condition of one cent higher for October than for November, one cent higher for November than December, with January still lower than December, and spot lard higher than October, or, in other words, cash lard is about $2\frac{1}{2}$ cents per pound higher than January, while the normal condition would leave a premium or carrying charge on January of ten cents per 100 pounds per month over spot lard, or about thirty cents. Hence it will be seen that the winter packing season on the new lard crop will begin in a more unnatural and dangerous position even than that of wheat. Either spot and October lard must go down to January, or the latter must come up to cash, or they must meet before January. Probably the latter will prove the case, but it involves heavy losses on spot lard to the Bulls, and to the Bears on January short lard.

OTHER PROVISION MARKETS.

The stocks, however, are small, the movement of hogs light, and the holders of all hog products have thus been able to keep the spot and October prices far above the later months, while the Bears have sold January short, on the expectation of a large supply of hogs in consequence of the large corn crop, until they have overdone it, as the Bears in corn did by selling the old crop options down on the prospects of a larger new crop, before the

latter can become available. As shown above, new corn will not move in volume till January, while the hogs raised from the new corn crop will not reach the market before next spring, or probably next summer. Yet there seems to be no deal or corner in other hog products than lard, as the packers, who hold the bulk of other stocks, are or have been working, though with poor success, to get provisions down in order to make hogs cheaper before the new season opens, November 1st.

But while hogs and hog products have been so scarce and strong, cattle and beef products have been in over-supply, and declined, though unusually low last year. The receipts of cattle in Chicago the past month have been enormous, and prices for all but fancy, which have not been so plentiful, have declined sharply there. Yet the prices to the consumers, especially in the East, have not come down, as they never do, and city packed beef is firm, while Western is lower.

THE COTTON MARKET AND CROP.

There has been no unusual activity or speculation in this staple the past month, as the corner in August let the Bull clique in the old crop pretty well out, and the present crop has been too large to induce Bull speculation to any extent, while the damage in the lower Atlantic States by floods and wet weather has checked any disposition there might be to short the market for the new crop. The rebellion of the planters against the jute bagging Trust, and the Yellow Fever Scourge, have delayed the movement somewhat. But the acceptance by the Liverpool Cotton Association, as well as the New York Cotton Exchange, and the underwriters, of cotton put up in cotton bagging or bales, instead of jute, will now remove that obstacle, though the weather and floods may still delay the crop picking and movement longer.

OUR EXPORT TRADE IN CORN.

For the past month corn has been about the only farm product that we have exported in anything like the usual quantities, though, at the close, the shipments are falling off since the market jumped up again. The special reason for this activity in corn was in the damage to the feed crops of Europe by the cold and wet August, while the Vienna syndicate, which had bought up most of the corn on the Danube, in the belief that the last crop in the United States was so short that we would have none to export, held the supply from that source higher than our markets, and turned the demand this way until late in the month, when that syndicate is supposed to have lowered the price, in view of our big growing crop; and hence the falling off in demand here again, while our exporters are selling out their long corn.

OTHER MARKETS.

The oat crop, though badly damaged at harvest by rains in the West, is coming forward freely, and prices have declined sharply since the September corner here was over. The rye crop is large and fine, but farmers are holding it back because of the large shortage in Germany, and the expectation of a larger export demand before another crop. Barley has been held back because buyers demanded lower prices than a year ago on the large crop. But farmers refused to sell, and buyers are now beginning to come up. There was a very large export trade here and west early in the month for clover seed, because of the poor crop in Europe, accounted for by the rainy weather during the harvest, and something like 50,000 bags were taken. But it was more on speculation and in anticipation of an export demand by shippers, than on actual orders from the other side, and mostly for future shipment.

Petroleum has attracted more attention, and has been unsettled by the expiration of the Producers' combination of a year ago to restrict production, and new developments are increasing in both old and new fields.

The coffee and sugar markets have been more quiet since the flurry in both of a month and two months ago. The trade is good, however, and prices are well sustained on moderate crops, and stocks and good consumptive demand, but speculation has been less active in both, as the doubt as to the actual crop, and the late squeeze, makes operators cautious. The iron, coal, and metal markets have been steady, and fairly active, especially coal, and prices are generally firm.

THE GENERAL BUSINESS SITUATION.

The general condition of trade has steadily improved the past month, with few exceptions, and the amount of goods bought for fall trade has been large, and at satisfactory prices. Yet there has been no speculation, and no buying ahead of wants, in expectation of higher prices, neither holding off in hopes of lower. The good crops have encouraged preparations for a good fall trade generally West and South, though not in the wheat sections.

THE MONEY MARKET

has been active on the movement of currency to the West and South for new crops, yet the rates have, with few temporary exceptions, kept low for this season of the year, and the banks have begun to gain in reserve again. This is largely due to the increased purchases of bonds by the Government at advancing prices. The sterling exchange market has been lifeless, and reflected the low state of our export trade, while sales of our railroad securities have paid for our imports still.

FINANCIAL FACTS AND OPINIONS.

Savings Banks.—At the last session of the American Social Science Association, Mr. John P. Townsend read a paper relating to the condition of savings banks in the United States. The essay is replete with valuable information, and he strongly urges the extension of the savings bank system, believing, as he does, that it encourages habits of economy and thrift, especially among the wage-earners of the country. The paper contains many interesting statistics, which, by the way, do not harmonize with those presented by the Comptroller of the Currency in his annual report.

TABLE SHOWING THE CONDITION OF SAVINGS BANKS IN THE UNITED STATES FOR THE YEAR 1887 :

	<i>No of Banks.</i>	<i>No of De- positors.</i>	<i>Population.</i>	<i>Amount of De- posits.</i>
Maine.....	55	119,229	667,400	\$38,816,643 22
New Hampshire....	66	132,714	371,100	50,292,666 85
Vermont.....	28	53,810	333,700	15,587,050 93
Massachusetts.....	173	944,778	2,056,600	302,948,624 08
Rhode Island.....	37	120,144	326,200	55,363,283 63
Connecticut.....	85	278,415	694,300	102,189,934 72
New York.....	125	1,325,062	5,670,700	505,017,751 00
New Jersey.....	24	105,895	1,320,000	29,060,189 39
Pennsylvania.....	5	162,896	4,921,800	53,282,650 38
Maryland.....	22	114,674	1,064,300	31,615,609 84
Ohio.....	4	38,000	3,645,400	15,766,489 21
Wisconsin.....	1	821	1,534,500	32,648 88
Minnesota.....	5	9,550	1,067,100	2,318,492 50
	630	3,405,988	23,673,100	\$1,202,295,034 63

The New York *Commercial Bulletin* remarks that "an examination of this table will confirm the opinion that a comparison of statistics of savings bank deposits is unreliable as a test of the prosperity of different communities, although such statistics are constantly appealed to by economic writers as serving this purpose. In the above table of deposits in the United States, we find that only one-third of the States have savings banks, and that the deposits per capita of population vary from \$169 in Rhode Island to two cents in Wisconsin. Massachusetts and Connecticut are on a par at \$147 per capita; New Hampshire, \$135; New York State, \$89, and New York city, \$177; Maine, \$58; Vermont, \$46; Maryland, \$29; New Jersey, \$22; Pennsylvania, \$10; Ohio, \$4; Minnesota, \$2, and Wisconsin two cents. Nobody will claim that the difference between \$169 and \$10 per capita fairly represents the difference in wealth or prosperity between the people of Rhode Island and those of Pennsylvania; nor that Rhode Island's population is richer by nearly \$20 per man than the good people of Massachusetts or Connecticut; nor that the prosperity of New

England compares to that of Wisconsin in the proportion of \$150 to two cents. Rhode Island's claim to double the wealth per capita of New York, and New York's record of eight times the wealth per individual of Pennsylvania, are alike preposterous, as are nearly all the others in this list, if the attempt is seriously made to cite savings bank deposits as a test of the comparative prosperity of the people of the several States."

Business Men in Congress.—The New York *Commercial Bulletin*, in considering this subject has remarked that "there is no greater lack in our Federal system than the absence of practical, far-seeing and energetic business men in Congress, and there is no public movement of brighter promise or greater importance than that which aims to secure the selection of congressmen fitted by business training for the legislative duties which have so largely to do with practical business questions." Not many years ago the lawyers were the controlling element in our national legislature; but the change that has occurred in the last twenty-five years in this respect is very marked. More and more, business men are entering Congress with every session, and especially the Senate, and the changes have thus far not yielded very promising results. It will be readily admitted that lawyers are quite ignorant of many matters concerning which it is necessary to legislate, finance, the tariff and the like. Moreover for the most part they are disinclined to study these questions with thoroughness. On the other hand, the experience of the country with the business man in the Legislature thus far is: he has looked at subjects generally from a narrow point of view. While having a kind of technical knowledge of certain subjects lying within his own domain, he often has not seen very far, and has therefore regarded them apart from their relation to the subject of general legislation or of the general welfare. It may be replied to this, that the business legislator for the most part has not been a fair representative of his class, that really the men who ought to be sent to Congress are so busy with their own affairs that they have not time to go. In other words, the broad-minded, far-seeing business man, is not to be seen in either branch of Congress, but a lesser kind of man, who has perhaps retired from business, and who perhaps for that reason is not altogether well informed concerning any business or question whatever. These are the two sides of the question. As above remarked, the change in the Senate is very notable; but while there are many rich men in that body it cannot be said of them that they rank particularly high in the business world, but have amassed their fortunes more through accident and favoring circumstance than by the applica-

tion of superior business principles. The *Bulletin* has some well-considered words which are worth reading. "This reform must begin with the merchants and business men of all classes. It is their interests which are at stake, and their work which Congress persistently neglects, partly from a lack of appreciation of its importance and partly from a sense of incompetency to deal wisely with the questions at issue. A radical change is not demanded. No revolution is proposed and no new theory is advanced. The point contended for is simply that the business community should demand competent representation in Congress, and be as unwilling to trust its interests to unskilled hands there as in its stores, mills and marts. It is true that there is little inducement for a successful business man to go to Congress in these days, but that is largely for the very reason that he would be lonesome in an assembly of men elected on account of very different qualifications and bent on very different purposes than the promotion of sound business legislation. As the number of business men increased, and politics and business were brought to a better relation to each other in the legislative halls, the trained and practical man of affairs would find his position more congenial and his influence greater. There is no reason why the class of men whose services are most needed should leave the field to those who make politics their business; and the commercial questions with which Congress must deal in the near future render it imperatively necessary that the formulation of legislation should be largely the work of men who are qualified by actual knowledge, and who are alive to the importance of the work and the necessities which must be met."

New Hampshire Banks.—The forty-third annual report of the New Hampshire Bank Commissioners shows the condition of the one State bank, the three trust companies and the sixty-nine savings banks of the State. The depositors number 139,967, an increase of over 7,300. The amount due depositors is \$53,939,070, and the increase in deposits \$3,646,412. The commissioners say that it is to be regretted that the Legislature at its last session had no opportunity to calmly consider the question of Western investment, and that no action was taken to bring the numerous foreign investment companies operating in New Hampshire within State control and regulation. Whatever opinion may be entertained as to the advisability of limiting by law the investments of savings banks of the State, or of New England, there can be no question as to the necessity of some supervision of the large number of foreign investment companies that are absorbing so much of the capital of New Hampshire. At present any foreign

investment company can sell its securities unrestricted by regulation or license. The high rates of interest that have heretofore prevailed in the West, and the almost uniform success which has attended savings banks and individuals in their Western transactions, have led the people of the State to regard such investments as secure, and to covet those bearing the highest rate of interest. An unhealthy stimulus has been given to the entire Western investment business, and loan and investment companies have been organized in that section beyond any legitimate call for their existence. The commissioners recommend the passage of a law similar to that in Connecticut, which would subject all Western investment agencies operating in this State to examination and license, and thus do much towards driving out irresponsible parties and placing the Western investment business upon a stable basis.

Government Income and Expenditure.—The Treasury Department has issued a revised and complete statement of the financial operations of the past fiscal year and those preceding, giving receipts and expenditures, sinking fund disbursements, surplus comparisons, etc. The elaborate statements may be summarized as follows:

RECEIPTS AND EXPENDITURES OF THE GOVERNMENT BY FISCAL YEARS.
RECAPITULATION OF REVENUES.

Year.	Customs.	Internal Revenue.	Sales of Public Lands.	Miscellaneous Items.
1884.....	\$195,067,489	\$121,586,072	\$9,810,705	\$22,054,601
1885.....	181,471,939	112,498,725	5,705,986	24,014,055
1886.....	192,905,023	116,805,936	5,630,999	21,097,766
1887.....	217,286,893	118,823,391	9,254,286	26,038,706
1888.....	219,091,173	124,296,871	11,202,017	24,678,011

RECAPITULATION OF EXPENDITURES.

Year.	Civil and Miscellaneous.	War Department.	Navy Department.	Indians.	Pensions.	Interest on Public Debt.
1884.....	\$70,920,433	\$39,429,603	\$17,292,601	\$6,475,999	\$55,429,228	\$54,578,378
1885.....	87,494,258	42,670,578	10,021,079	6,552,494	56,102,267	51,386,256
1886.....	74,166,929	34,324,152	13,907,887	6,099,158	63,404,864	50,580,145
1887.....	85,264,825	38,561,025	15,141,126	6,194,522	75,029,101	47,741,577
1888.....	81,223,102	38,522,436	16,926,437	6,249,307	80,288,508	44,715,007

Comparative statement of aggregate receipts, expenditures, sinking fund, and surplus, by fiscal years:

Year.	Total Revenue.	Total Ordinary Expenditures.	Bonds and Other Securities applied to Sinking Fund.	Surplus Revenue.
1879.....	\$273,827,184	\$266,947,882	\$723,662	\$6,155,637
1880.....	333,526,610	267,642,957	73,904,617	8,020,064
1881.....	360,782,292	260,712,887	74,480,351	25,589,053
1882.....	403,525,250	257,981,439	60,137,855	85,415,955
1883.....	398,287,581	265,408,137	44,897,256	87,982,187
1884.....	348,519,869	244,126,244	46,790,229	57,603,396
1885.....	323,690,706	260,226,935	45,604,935	17,859,735
1886.....	330,439,727	242,483,138	44,551,043	49,405,545
1887.....	371,403,277	267,932,179	47,903,248	55,567,849
1888.....	379,266,074	267,924,801	43,732,550	67,608,723

The immense aggregate of the year's expenditures of all kinds, \$311,657,351, is appropriately divided under seven comprehensive heads. They are as follows: Civil and miscellaneous expenditures, not including interest and premium on Government bonds, \$72,952,260; War Department, \$38,522,436; Navy Department, \$19,264,437; Indians, \$6,249,307; pensions, \$80,288,508; interest on public debt, \$44,715,007; sinking fund and bond purchases, \$52,003,300. It will here be seen that of seven items, covering the entire national expenditure, pensions constitute much the largest. The only other item comparing in magnitude is the civil and miscellaneous division, which includes the support of the entire executive, legislative, and judicial service of the Government, with the exception of the military branch. This comparison between the pension roll and the entire civil service is rather overwhelming. The pension roll costs the Government more than twice as much as its military establishment and engineering works. It costs more than four times as much as the navy, even during the days of boasted achievement in naval construction. It costs nearly twice as much as the interest on the public debt, or the expenditure for the sinking fund.

Railroad Mileage.—No information in the last volume of Poor's "Railroad Manual" will attract more attention than that relating to the wonderful development of our transportation system. It has grown until reaching a point in which comparison can be made, not with the system of any nation, or group of nations, but with the systems of all other nations combined. We believe this assertion is quite true that even the extension of the railroad system in this country last year was quite as much as the entire railroad system of Great Britain. This fact indicates clearly the magnitude of the system in this country. Nor is the end of the American railroad building drawing near. In Great Britain the main lines are completed, and the only construction beside improving them is to make short additions from year to year. In our country, on the other hand, and especially west of the Mississippi, many thousands of miles must be built with the progress of settlement. It is interesting to compare these statistics with those contained in Mr. Poor's earlier publications. In the beginning a volume of moderate size was quite sufficient to describe with considerable fullness the history of the transportation lines then existing; whereas now a huge volume is required for the purpose.

Extension of the Railroad System Abroad.—Just now, much has been said concerning the new Russian Railroad which has been pushed into Central Asia. It is indeed a remarkable enterprise. It

worth while, also, to note in this connection that the British are extending a railroad from Quetta to Candabar, in order to be near Herat in the event of Russian operations in that vicinity. As many months must pass before a permanent line can be constructed across the mountains, a light mountain railroad for temporary use is now building; while the English miners are not less active in boring tunnels for the permanent track, which is to be laid through them. When completed, there will be an all-rail route from Calcutta through Beloochistan nearly one-fourth of the way across Afghanistan, which until now has been quite inaccessible. The railroad from Loanda, West Africa, is steadily advancing to Ambaca and Malange, 400 miles toward the center of the continent. The building of the Congo Railroad to Stanley Pool is expected to begin soon after the completion of the surveys now approaching Leopoldville. One of the six syndicates that have been besieging the Porte for a concession to build the proposed line from Constantinople to the Euphrates, 1,400 miles across Asia Minor, has at last received the prize, and will soon begin the great work, which will open a vast territory to trade, and may advance Turkey in Asia from the sixteenth to the nineteenth century. The building of a railroad through Siam, for which a concession was granted by the Emperor in March last, is now assured. The Russian Government is seriously discussing the vast project of building a road across Siberia to the Pacific Ocean. These and other projects show how great a part the railroad is soon to play in the development of the least progressive regions of the world.

Bond Purchases.—In an interview between a reporter of the New York *World* and Senator Sherman, the distinguished senator said that he favored the purchase of Government bonds, as there would be a clear gain in pursuing this policy, even if the present high premium were paid. With respect to the surplus, he was also quite as certain that it would be very much reduced next year, and that possibly it might wholly vanish. He remarked that the balance of trade for the last year had been against this country, and that the tendency was to increase the balance on that side. These facts are worth noting. With respect to the policy of buying bonds, it is equally clear that public sentiment is rapidly growing in favor of continuing it. This is not simply to relieve the money market, but also because the conviction has become stronger that any premium paid less than the total amount of interest that will accrue if bonds run until maturity, is a clear gain to the Government. On the other hand, the large expenditures which are to be made during the coming year, by order of Congress, will cut down

the surplus, probably, to a very small figure, so that in a few months this question will sink below the horizon of discussion. Except for the purpose of using it as a weapon in the present tariff controversy, the question would never excite very much attention from anybody. It is true, perhaps, that the large amount of currency withdrawn from the market at times occasions some inconvenience, yet, after all, this inconvenience is enormously exaggerated, for, as our readers will see from a table of the amount of currency in circulation, published elsewhere in the present number, the additions yearly made greatly exceed the growth of the surplus in the Treasury. In other words, notwithstanding the increase of surplus in the Treasury during the last two years, it is by no means equal to the increase in circulation by the use of silver certificates.

Changes in the Circulation.—Notwithstanding the fact that the States have ceased to dabble with the circulation, and the Government for more than twenty years has not increased its paper issues, while the circulation of the national banks is declining, changes are rapidly going on in the circulating medium of the country. This will be seen in the following table. On January 1, 1887, and August 1, 1888, the following kinds and quantities of circulation were in use:

PAPER MONEY CIRCULATION OF THE UNITED STATES.

	Jan. 1, 1887.	Aug. 1, 1888.
Gold certificates.....	\$97,215,605	\$131,959,112
Silver certificates.....	117,246,670	203,680,679
United States notes.....	323,511,690	306,855,276
National bank notes.....	296,771,981	241,413,816
Total.....	\$834,745,946	\$883,908,883

It will be seen that the decreased circulation of United States notes and national bank notes has not only been made up by an increase in the circulation of silver and gold certificates, but has been so largely exceeded by the expansion of the latter forms of circulation that the entire amount of paper money of all kinds in the hands of the people has increased by nearly \$50,000,000 during a period in which coin circulation has increased by barely \$1,000,000.

Growth of the United States.—In President Cleveland's letter of acceptance he referred to the growth of the population in the United States, and to the rapidity with which the people were spreading over the western part of the Union. Yet even in our own country the quantity of land fully cultivated is very small. Millions of acres of swamp land can be reclaimed, other portions can be irrigated, and from these two sources alone enormous spaces will in due time come under the hand of the cultivator. Then, too,

the land everywhere can be better cultivated. Several hundred millions could live in this country, provided the land were as well cultivated as it is in Belgium. Its natural qualities are quite as good, many portions are better, and therefore no one need fear for a long time the possibility of the starvation of future generations in this country. And when we look beyond our own country to British America, Australia, New Zealand, and large portions of Asia and Africa, it is safe to say that the population of the world can be increased by a good many hundreds of millions before starvation shall show its face. In the meantime, we find that among the more highly civilized peoples their fecundity is less, and keeping this fact in mind there is not much occasion for borrowing trouble concerning the possibility of sustaining the millions of the future.

"The foundation for any estimates of our future growth," says the *New York Times*, "must lie in the history of its past. Beginning therefore at the dawn of the present active generation, say thirty-five years ago, we find that our territory included thirty-one States, four Territories, and the District of Columbia; that its extent was as it remains to-day, exclusive of Alaska, 3,002,852 square miles, and that it contained a population of less than 25,000,000. The center of population was near Parkersburg, West Va. The vast territory west of the Mississippi river, embracing six States and four Territories, 2,135,840 square miles of land, or over seven-tenths of the entire national domain, contained at this time only 1,999,404 people, and of these there were only 92,298 living in the limits of the four Territories. Several popular fallacies respecting this region gained such general acceptance that they were recorded upon the maps and in the geographies published in this early period. The fertile region between the River Platte and the Red River was described as the 'Great American Desert' in one case, and as an 'Alkali Desert' in another. Even as late as 1866, in Lippincott's 'Comprehensive Geography,' it is said that, 'Along the eastern foot of the Rocky Mountains these plains are almost deserts. Much of this region is suited to a pastoral people, as are the high plains of Asia.' The greater part of Northern Texas is described as an 'arid, staked plain,' and the southern part is called a 'sandy desert.' Now there exist in the trans-Mississippi region twelve States and nine Territories, having a population in 1880 of 11,259,360."

Redemption of Clipped Silver Coin.—The *Chicago Times* makes the following explanation of the bill, authorizing the redemption of mutilated and clipped silver coin at its coinage value, instead of its bullion value: "Some years ago the mutilation of fractional silver was extensively practiced by people who took this method of getting silver without paying for it. The man who was mean enough could steal a few cents' worth of silver by punching or clipping from every silver coin that came into his hands and then pass off the coin at its face value; and Congress at length legislated on the subject, by declaring in effect that mutilated

fractional silver should not be redeemed under the Act of 1879. Such coin was thus reduced to its bullion value, and as it could no longer be passed at its face value, the practice of punching and clipping was stopped. The consequence was that holders of clipped coin lost not only the value of the silver that had been abstracted, but also the difference between the coinage value and the bullion value of the contained metal. This difference is now upward of 31 cents on the dollar. It was unjust, of course, to inflict so much loss upon innocent holders. When this was clearly perceived it was proposed to make mutilated coins redeemable at their face value. But this was not done, because it would encourage and revive the practice of clipping. The present bill guards against this, and at the same time avoids the injustice of inflicting unnecessary loss upon innocent holders. Under its provisions the holder of fractionals of the nominal value of \$10 can get \$9.50 for it at the Treasury, if it contains enough silver to make that amount of new fractionals. He loses only the coinage value of the silver that has been abstracted. Under the present law he loses not only that, but at least \$3.10 more—the difference between the coining value and the bullion value of the metal. Should this bill become a law, mutilated coin should be refused in current transactions no less rigidly than at present, for if it is tolerated at all it will soon become a nuisance again.”

Population in the Cities.—In these days the tendency of population is from the country towns to the cities, which is well illustrated by some figures published in a late number of the Melbourne *Argus*. In Melbourne, with its suburbs the population is nearly four hundred thousand, against two hundred and fifty thousand in 1878. During the same time there has been an increase in Sydney, which city is nearly as large as Melbourne; but this increase has caused a diminution in the country districts. In some sections the gold fields have been deserted and the workers have gravitated toward the large cities. Whether this drifting from country to city will affect the prosperity of the Colony remains to be seen.

Accident Insurance.—In a recent report of Consul General Raine, submitted to the Department of State, it appears that throughout Germany an accidental insurance system has been established, which is under the supervision of the Government, and in which the workmen are compelled to enroll themselves. There are sixty or more of these Government Institutions. They provide treatment and maintenance for workmen during illness. Laws pro-

viding a somewhat similar Government insurance for the maintenance of superannuated artisans and laborers are pending, and will doubtless be soon enacted. Thus it is the purpose of the Government to bring the working classes into a compulsory insurance system, whereby every artisan and laborer will be insured in case of sickness, accident or other disqualification. This is paternal legislation on a larger scale than has ever been attempted in any other country. The system is regarded in Germany with much favor, and the result will be watched with great interest by the outside world. In Germany, if anywhere, is it possible to introduce such a system, because of the general intelligence pervading all classes.

Trusts Abroad.—One of the arguments used against protection is that, by shutting out foreign competition, it is easier for the producers of steel rails, for example, to combine, and thus control the markets of our country. This argument is perfectly legitimate, but it is also true that combinations are made abroad, and at the present time the foreign producers of steel rails are endeavoring to effect a combination of this kind among themselves. Suppose they succeeded in their plan, it would be easy for the foreign combination to combine with the steel rail producers of this country, and thus effectually limit the production of steel rails in both worlds. What is true with respect to steel rail producers applies with equal force to the producers of other commodities. Of course, the smaller the number of producers the easier it doubtless is to effect such a combination among them.

National Debts.—The *Engineering and Mining Journal* entertains the right view concerning the payment of the national debt. It says: "The theory that 'a national debt is a national blessing,' which was started probably by some European 'statesman' called on to raise large amounts on national bonds, has never been accepted as orthodox in this country. On the contrary, we believe in paying off our debts as rapidly as possible, and then enjoying the immeasurable advantages which this freedom will give us in contending in the markets of the world with the 'tax-ridden' manufacturers of European nations."

A picture the reverse of this is suggested in the following extract from the *New York Evening Post*:

"The *Economiste Français* of August 11 publishes an elaborate article, by M. René Stourm, on the public debt of France. The most usual estimate of the capital of the debt is said to be \$6,400,000,000. The most moderate estimates place it a few millions lower. M. Paul Leroy-Beaulieu figures it at \$6,343,573,630. The result of M. Stourm's computation is a total of \$5,902,800,000, with the qualification, however, that he has

omitted \$432,000,000 of life annuities, which other economists have treated as part of the capital debt. The annual charge for interest and sinking fund on the entire debt, including the life annuities, is \$258,167,083. Of the funded debt, \$2,900,000,000 are perpetual 3 per cents, \$1,357,600,000 perpetual 4½ per cents, and \$967,906,200 redeemable bonds of various descriptions. Annuities to divers companies and corporations, of \$477,400,000, and \$200,000,000 of floating debt, make up the balance of M. Stourm's total. This is by far the heaviest burden borne by any nation on the globe. The nearest approach to it is the debt of Russia, which is stated at \$3,605,600,000. England is next, with \$3,565,800,000, and Italy next, with \$2,226,200,000. The debt of Austria is \$1,857,600,000, and of Hungary \$635,600,000. Spain owes \$1,208,400,000, and Prussia \$962,800,000. These are the figures of M. Stourm. None of these nations, excepting England and Prussia, raises sufficient revenue to guarantee a permanent equilibrium of the budget, but France is the most heavily burdened of them all, and the increase of her debt has been the most rapid in the recent past, and is the most threatening for the future."

National Policy Towards Railroads.—In connection with the demoralization of railway rates which has been progressing for some time past in various directions, two things, for which the United States Government is largely or wholly responsible, should be remembered. The Interstate Commerce act positively forbids a resort to the only method which railway managers had found reasonably effective, after protracted experience, in arresting or preventing the worst outgrowths of unregulated competition. It was a money pool or its equivalent, by which incentives to rate cutting were destroyed. In other countries such expedients had fully met all reasonable anticipations, partly by being thoroughly legalized, and partly by being reinforced, to some extent, by checks on unnecessary railway construction. The statesmen of this country have taken the directly opposite course of removing legal obstacles to the duplication of lines between any two points, and by prohibiting, under severe penalties, any binding monetary agreements between competing companies for the avoidance of damaging rate cutting. The hope that a partial substitute for pooling would be furnished by the long and short-haul clause of the Interstate act, or by requiring that ten days' notice must be given of an advance in rates, has proved to be, in a large degree, if not wholly, fallacious. Specially damaging wars have been commenced, and, in the absence of old methods of arresting them, they may continue to the point of financial exhaustion with a number of the contestants, which means the infliction of great losses and privations upon the owners of the most useful description of property in the United States, largely through the proceedings of its legislators and officials. Hand in hand with this species of spoliation goes the encouragement of the competition of Canadian railways for work which legitimately belongs to the railways of this country, and which could not be wrested from them if appropriate laws for their protection were in force. This species of practical injustice to American railway interests will presumably soon be intensified by operations of the Canadian Pacific in gaining control of a second line to and through Northwestern States, and in promoting extensive construction of tributary lines within the boundaries of the republic.—*Railway World.*

CONCERNING SOME GREAT FORTUNES IN THIS COUNTRY.

The recent death of several wealthy men in this country who had amassed their millions by the investment of small sums in land which subsequently proved enormously valuable, has led us to consider briefly this subject. In our country especially, many of the largest fortunes have grown, not so much by great and prolonged effort in manufacturing or kindred pursuits, as by a happy foresight and acting accordingly. Thus, in nearly all of our large cities great fortunes have been obtained by investing small sums in real estate, which in a few years has greatly increased in value. For example, when Mr. Eno built the Fifth Avenue Hotel in New York City, he was regarded as a most daring man. Again and again he was told that the enterprise would never pay, and that the sum thus invested would prove a total loss to him; but, as all know, the enterprise within a few years was a great success, and has so continued to this day. Our cities have grown with such rapidity, many of them, that fortunes have increased rapidly in consequence, and almost every reader of this article can readily think of persons who have become the possessors of large fortunes by happy investments in these places. Other fortunes have been made by buying timber lands, mining properties and the like, in various parts of the country. When Commodore Vanderbilt doubled the value of the New York Central by watering it, as the process is called, the enterprise would never have been even partly successful, had not the cities all along the line of that road increased rapidly in population and in business. In the beginning, there were seven railroads from Albany to Niagara Falls, most of which were bankrupt or had a very feeble life for several years, and then the country began to grow, the business of the road to expand, and within a short period that series of bankrupt or nearly bankrupt railroads were consolidated into one, and simply through the growth of population and business became one of the most valuable pieces of railroad property in the country. We might multiply examples indefinitely in illustration of the above subject, but these will suffice.

It should be remembered, however, that in most cases something more than foresight was needful in the creation of these fortunes. Faith was also a necessary element. Many a person has been told, when buying timber lands in the West, or coal lands in the East, or unimproved real estate in the cities, that he would get but little

out of his venture; but he, of course, has thought otherwise. He has had prescience. He has had confidence in the future. He has seen the growing city in his mind's eye, the great railroad company, the wealth of coal lands. Last winter we met a prominent Canadian who was trying to get a land grant and charter for another Canadian railroad two hundred and fifty miles north of the existing one; and when asked if the enterprise was not foolhardy he answered, "No; that the country was well adapted for farming, that the money could be easily raised for building the road, that in a few years the country would be settled, and then the line would become profitable." The data from which he reasoned is precisely the same as that from which many a person has reasoned who has left millions for posterity, or is enjoying it himself. When persons complain over these great fortunes held by their lucky possessors, they often overlook the risks which were undertaken in acquiring them. The chance which they took was open to others who refused to take it. Why, then, were not these great fortunes made before? Why did not the coal and timber lands, and unimproved lands in the cities, fall into the hands of other persons possessing quite as much means as those who bought them, and who acquired the great fortunes above explained? The land was there, and purchasable all the time; but the real difficulty was that the non-purchaser lacked the faith to engage in such enterprises.

One class of economists maintain that as this increment has been unearned, in other words, as the owner has done nothing directly to enhance its value, therefore the State ought to have the benefit of either the whole or a part of it; and this doctrine is shared to a considerable extent by others who do not profess to belong to that class of students. Probably the feeling is growing all over our country and over the old world, that the fortunes made in this way should be shared by the public in some way. The truth is, that the public does share, or can share in these fortunes, through taxation. If a piece of real estate, which a few years ago was worth two hundred and fifty dollars, is now worth one hundred thousand dollars, it is taxed for the enhanced value, and in that way the public shares in the rise. Perhaps it is not taxed as fully as it ought to be; if not, that is a mistake which the public can easily remedy.

The question is often asked, Will the opportunity to acquire great fortunes be as frequent in the future as it has been in the past? Has not the newness of our country presented chances for making fortunes which are passing away? Many think so; that for the most part, fortunes in the future, except when acquired illegally, through speculation, and in defiance of law, are to be

acquired through more strenuous endeavor, and the exercise of greater mental power, than has been put forth in the past, and that fewer of them are to be picked from bushes or extracted from the bowels of the earth. We are not inclined to share this view. Our country is growing with enormous rapidity, and this means that our land, at least, must everywhere enhance in value both in the cities and outside them, and those who have the patience to buy, and wait a few years, are sure to see enormous advances in many places. Of course, this does not apply everywhere; nor has it applied in the past everywhere; for cities are unmade as well as made; the centers of business and population change, and there is always a risk in investing even in real estate, whether in New York, Chicago, Milwaukee, Omaha, or St. Louis. But looking at the subject broadly, and knowing that many cities must grow, and perhaps more rapidly in the years to come than in the past, it follows that land at least will become more and more valuable in the future. So, too, the field of invention is open as widely as ever, and with better patent laws, with more security to the inventor than ever before, there will probably be as many great fortunes made through happy discoveries of this sort as there have ever been. In truth, some of the largest fortunes of the present day have been acquired within a few years, through the securing of inventions, and the using of them to satisfy the demands of business. The telephone illustration is among the most conspicuous. But there are other inventions, of which less notice has been taken, smaller, humbler ones, inventions relating to the improvement of the kerosene lamp, for example, from which enormous fortunes have been made. The inventor is just as busy as ever, and we are therefore likely to see as many great fortunes rising from this source in the future as in former days. Thus the day of great fortune-building is not past, and we hope it will not be. These unusual rewards for happy discoveries and inventions, after all, have a good effect in the way of stimulating the ambition and energy of men, and of increasing their faith; and they are among the goals and prizes which fairly belong to an advanced and happy civilization.

THE LEGAL BASIS OF AN AUSTRIAN CHECK-LAW.

BY GUSTAV LEONHARDT, GENERAL SECRETARY OF THE
AUSTRIAN-HUNGARIAN BANK.

(TRANSLATED.)

The K. K. Minister of Commerce having announced his intention of preparing a draft to a Check-law system for all the kingdoms and countries represented in the "Reichsrath," for that purpose has summoned a number of experts to express their opinions on a number of questions, to be decided by the forthcoming law draft. Such a summon lies at the basis of the following remarks, which ought to be regarded simply as a subjective opinion. The experts were also requested to add their express opinions "on such important questions, which might lie beyond the range of the questions presented."

I find myself compelled to make use of this latter request, because such main questions as: Is a Check-law needed? Are the necessary conditions present? Of what use will it be? present themselves before a number of minor questions can be answered.

The following three reasons have been given as proving the need of a Check-law:

- (1) The present transactions in checks lack necessary protection by law;
- (2) The current legal rules and regulations for commercial drafts are insufficient;
- (3) By a Check-law all matters of Giro-banks and checks will be promoted.

Even if we admit that, from the use of checks, many disputes may arise, which have not been provided for by existing laws, it is nevertheless a fact that such questions of dispute thus far have been very scarce, and that the transactions by means of checks in Vienna alone, in the year 1879, reached the respectable sum of 5,417 millions of florins, and took place without any legal assistance, thus not revealing any want of legal certainty. In this respect a pressing need of a Check-law does not seem to be proved.

In regard to commercial bills of exchange, the question is different. According to our law system they lack many qualifications which they need for their commercial use; for instance, the "springende" regress, statutory laws of procedure in exchange matters, shorter terms for presentments and prescriptive rights, the raising of protests, notifications, etc. The Commercial Code leaves the settlement of these questions to the provincial courts,

and in Germany (Baden, Bavaria, Saxony, Frankfort a. M.) have several legislatures passed special laws at the same time as they issued the exchange regulations of 1849, and generally subjected the commercial bill of exchange to the same regulations as those governing drafts. Austria has no such law, and inasmuch as the commercial bill of exchange plays a great part in home as well as foreign transactions, this want is rather apparent. Many think that this want would be remedied by a Check-law. I do not think so. A check is not a specific "commercial" paper; to the contrary, it is desirable to familiarize it among the strata of the *non-commercial* community. Again, the check has to fill its functions in *local* transactions, and is generally useless in the trades intercourse between different countries. These differences make it absolutely impossible to remedy the want of commercial draft regulations by a Check-law. If the Legislature desires to provide in that direction, then it must create a "law for commercial drafts" (excluding the check), for which rich material is to be found, not only in other countries, lately also in the Commercial Code of Hungary, but also in the richly developed practice and experience at home.

The promotion of Giro-banks and check matters in general has been given as reasons for a Check-law. If a law is to have such an effect, then, in the first place, all the elements and material conditions for such a development must be present. If they are not, then such a law is not of much use. We may, therefore, now be allowed to look into the real conditions which by us would promote the development of Giro-banks and check matters in general.

In the first place, we are not in the habit of keeping a regular cash account, not only not at home, nor by a banker, who makes all his customers' payments. In consequence of the high rate of interest in Austria, everybody in general deposit their spare money in treasury bills, notes, mortgages, exchange bills, savings banks or other good investments. This practice has raised the deposits in Cisleithanian savings banks in the course of nine years (end of 1870-1879) from 285 millions to 699 millions of florins. When we observe that the actual cash account of these savings banks at the end of 1870 was only 2.8 per cent. of the deposits, may we not conclude that merchants, tradesmen, landlords, administrators and private persons have a considerable amount of ready cash lying idle? A merchant, as well as a private person, finds always an opportunity to invest his cash for a short time at a better rate of interest than can be given him in an account current, and to many, to enter a Giro-bank means the abandonment of regular statements in plain figures of profits,

for which loss the advantages of a Giro-conto are not always an equivalent. Personal profit certainly lies one nearer than the commonweal, and nobody ought to be blamed for that.

But where the real owner of cash and his cash deposits do not exist, there exists neither the banker, whose object is, after the English fashion, to keep for his customer an account current, do his collecting and his disbursements, receive his cash deposits, attend to his bills, etc., advance money on public funds and other securities, and in these branches also to execute important transactions for foreign bankers, merchants or private persons. No banker will limit himself to any one of these specialties, if he cannot calculate upon an extensive knowledge, and nobody will undertake the labor, responsibility and expense of being somebody's cashier, if he could not draw profits from good investments of "permanent" deposits at a low rate of interest. That is the reason why, in the larger trade centers of Austria, but little Giro-circulation exists, although it ought to pay, according to the experiences made at Vienna and Trieste, and experiments ought to be made.

In addition to the already mentioned circumstances, which also exist largely in Germany, are to be added two more, which by us prevent the development of check circulation, the, for the last thirty-three years, existing paper standard, and the enforced circulation of our bills throughout the whole monarchy.

If the monarchy had a metal standard, those who to-day persist in demanding a special cash account for themselves, would soon understand the advantages of doing their money exchanges by means of a banker, because, to count, weigh and transport gold is perplexing, expensive, and takes time. He who has daily to exchange larger quantities of gold, would soon see himself compelled to find an opportunity to rid himself of its manipulation, irrespective of the fact that, even with a gold standard, a considerable amount of silver would circulate to pay for small bills, which certainly would contribute to the difficulties of the manipulation. The large silver issue of 1878 and 1879 have given a good illustration upon the influence of metal upon Giro-circulation. At that time a certain Vienna institution preached "examples," inasmuch as it paid its Giro-customers in bills, but paid silver to firms who managed their own (hard) cash, the advantages of account currents forced themselves upon the discounters, who soon understood that it was much more convenient to possess an entry in a Giro-book, or to carry home a bill, than to carry home silver coins weighing twelve hundred kilograms. Again, our circulation of bills has advantages ahead of England. Bank of England notes are only legal tender in England and Wales, but

not in Scotland and Ireland, and usually Bank of England notes are not offered in Scotch transactions. There is, besides the coin issued by the crown, no means of payment which has general currency throughout the United Kingdom of Great Britain and Ireland. On the other hand, in England circulate besides the bills issued by the main bank, the bills of one hundred and three private banks (end of February, 1881, £1,593,562), forty-eight joint-stock banks (£1,580,110), ten Scotch banks (February 12, 1881, £5,147,065), and six Irish banks (£2,925,181). If we remember that the emission of the Bank of England notes is not concentrated, but that the branches in Manchester, Liverpool, Birmingham, Newcastle, etc., also issue notes,* payable, however, only within their local boundaries, and that only notes issued by the Central are paid by the branches, and that only to well-known persons; that we find that in the United Kingdom bills circulate from 177 different places of issue, then we understand that it requires the experience of a banker to find one's way in such a variety of notes. It is a rule for bankers not to exchange or pay notes to anybody but well-known persons, and private persons find it still harder to accept notes.†

If we compare these English conditions with the ease with which the notes issued by the Austrian-Hungarian Bank circulate, it will readily be seen why every "respectable" man in England must have an account with a banker, and why this is not the case with us. The whole amount of our circulation of notes is issued by two authorities only: the Bank and the Government. Both kinds of notes are issued at the same enforced course of exchange. The Bank and the State notes are legitimate means of payment from the Lake of Constance to the Ural-Karpathian mountains, from the Bohemian mountain passes to the Iron Gate, from the Tatra mountains to the southern end of Dalmatia, a territory of 11,300 geographical square miles. When one considers how these papers daily and hourly pass from hand to hand, are accepted by everybody, change hands, and are given

* The circulation of such from the branches of the Bank of England reached at the end of 1870, £8,860,965, or almost one-third of the whole amount of bills carried at that time by the Bank of England, £24,942,962. We possess no later statements of emission of notes by the branches. The publications of the Bank of England regarding its business transactions are very meagre.

† Max Wirth (*Handbuch des Bankwesens*) confirms this by saying: I have myself had the experience, that they would not take, in one of London's greatest hotels, a £5 note, which was issued by a branch of the Bank of England. I was obliged, in order to make change, to spend two hours to make my way back to the bank. At another time, in order to exchange for current coins, I had to procure a security before I got my change, and write my name on the note besides; Adolf Wagner (*System der Zettel-Bankpolitik*) tells us that the Bank of England sometimes, by presentation of bills, requires the name of the bearer before it pays.

out again in payments, and that nobody ever questions the nature of their issue or their owner's right of possession, and that they thus easily and quickly form the common means of exchange, one may well acknowledge that these words: "The bank note is the most convenient check" even for Austria-Hungary.

The want of a common habit of cash accounts, the want of bankers in the English sense, the want of a metal standard, and the preference of a uniform circulation of notes, are the reasons for the slow development of our Giro-banks and the general use of checks, and by a Check-law these matters could not be promoted, so long as the material conditions are overlooked. But it is not disputed that a Check-law on the main cardinal points could be of some use. At any rate, the laudable initiative efforts of the K. K. Minister of Commerce will be useful in that way, that they will bring out for discussion the many controverted questions relating to the issue of a Check-law, and do the great and good work of clearing and settling opinions before the Legislature can act with any degree of certainty.

The permanent committee of the German "Handelstag" of Berlin, a few days after the oft-cited Brunswick Conference of some delegates to the Chamber of Commerce, determined, November 21st, 1879, to declare:

(a) "That the extension of circulations of checks would be desirable for the trade and industry,"

(b) "But that it would be inopportune and impracticable to regulate the same by legislative means; that all matters relating to checks ought to develop through practice, and that the Legislature ought not to step in before check matters had become more popular."

This opinion, expressed officially, ought to be considered, inasmuch as check matters in Germany are very much like ours.

The preparatory work by means of public discussion, now fairly started by several publicly printed opinions, cannot begin too soon, and as a contribution thereto, I now undertake to answer the questions laid before the experts.

QUESTIONS ANSWERED.

First Question.—Ought definite requirements be made regarding the check, similar to the rules of Articles 4 and 96 of the Statute Law relating to notes (Imper. pat. January, 1850, R. G. Bl. No. 51.)?

An enumeration of the conditions of the check, after the manner of the regulations of the Statute Law concerning the assessments of notes, may be useful, but is by no means a

necessity. These conditions may be expressed in other regulations. The main regulations are that the check must be:

- (1) In the form of a (written) order to pay,
- (2) Drawn on a banker,
- (3) Designated distinctly as a check,
- (4) Inscribed with the sum to be paid,
- (5) Provided with date of order (place, month and year of order),
- (6) Addressed to a definite person, order or bearer,
- (7) Payable at sight, and
- (8) Signed by the drawer.

On these points of requirements, perhaps with the exception of 2 and 3 there scarcely can be any difference of opinion. The first is further modified by the second question. In regard to paragraph 3 it may be said that it is not practice in England, and not required by law in France and Belgium, that the word check be written on the note. But inasmuch as in the preceding, attention has been called to the necessity of making special laws for merchants' bills of exchange, so that these in various ways might be placed on an equality with drafts, and as we in Austria have to do with a public which is not accustomed to the check, it would be necessary to distinguish by explicit marking, the check from other notes; the check ought therefore be designated as such. At present, checks are exclusively written on blanks furnished by the bank drawn upon. It would not involve much trouble for them to inclose the word check in their text. Objections that such a paper is not to be regarded as a check, but as a bill of exchange, or *vice versa*, and perhaps, if at all, not to be cashed, except in the presence of witnesses, are hereby disposed of. At any rate, any inconvenience arising from the use of the term "check" must not be overlooked.

Second Question.—Ought the check be drawn on a bank only?

Anybody can have himself drawn upon in France and Belgium, but in England only a banker can be drawn upon by means of a check, and large financial institutes and leading exchange firms are there excluded from check right (passive check ability). In our circumstances it seems most fitting that both banks and bankers ought to have the privilege of giving checks upon themselves. (It is without regard to the idea, that banks and bankers go together in a group, which occupies itself with bank business, while they only differ from one another in their mode of constitution, that the above question has been answered, making a distinction between banks and bankers, while in the foregoing and the following parts, bankers are always included in the term banks.)

It must not be overlooked that by a too severe limitation of the passive check power, very easily the intended propagation of Giro-banks might be checked; that by a too far going extension, the check itself will sooner be discredited than made popular. Moreover, the particular advantage of settlements by check will only be reached when many collections and disbursements fall upon *one* hand, or in the bank-like conducted business of payments to a large number of customers, as only in such a case a large accumulation of ready cash could find place for the liquidation of debt. From this point of view it would be inconsistent to allow every bank (including small institutions of minor places with limited means) authority in check matters, but, on principle, to exclude private bankers, who sometimes, according to their position in the financial world, and the extension of their connections, far surpass many banks added together.

But if the Legislature intends to limit checks to banks and bankers, and not extend it to every druggist, confectioner, jeweler or furniture manufacturer, then it cannot avoid giving a definition of what is to be understood by "bank" and "banker," because these terms heretofore have been used in different senses. It is not long since, that the most diverse undertakings chose to call themselves banks, and from the side of the authorities no objections were made to such titles, and licenses were given to such industrial undertakings, insurance companies, limited exchanges and the like, which have little or nothing to do with the ordinary business of banks.*

Still more arbitrary does language deal with the expressions "banker" and "banking house"—expressions which otherwise were reserved for firms of traditional renown; nowadays, however, we see it made use of in the most liberal manner by theater men, exchange offices and ephemeral exchange rooms.

In regard to this confusion of tongues, a Check-law would first of all give precision to those who, "in the sense of this law," are to be considered "bankers." I propose that the Check-law, under the general term banker, shall comprehend:

- (1) All banks and credit institutions (stock companies), who, according to their constitution, are authorized to receive money belonging to others, against a written pledge (treasury bills, deposit books) or running account.
- (2) Such savings banks which run a regular note discount business and are connected with a Credit association.
- (3) Such associations, founded on the law of April 9th, 1873,

* Let us mention only a few of such enterprises: Baden Vöslauer Building Bank, Triester Building Bank, Elementary Insurance Bank, Atlas, Vienna Exchange Bank, Vienna Brokers' Bank, Exchange and Arbitration Brokers' Bank

with limited or unlimited surety, who do discounting business, and who, according to their constitution, are competent to accept money deposits on loan bearing interest.

(4) Such wholesale dealers who have reported themselves to the proper authorities as doing bank business.

Of the above four classes, those from 1 to 3 have that in common, that they are authorized to receive money deposits, and do at least engage in *one* branch of banking business—the savings banks and associations at least note discounting. The country mortgage banks, and those savings banks who have no place of presentment for notes, were, according to the above classification, excluded from check business, so also those associations whose country jurisdictions have not permitted foreign money deposits. It will not be necessary to give reasons for their further differences. By paragraph 4 are all such firms excluded from check business who are not wholesale dealers, and who do not expressly report their business as bank business. To these conditions the following elucidations may be necessary.

By this paragraph shall check ability be preserved for certain wholesale dealers of Vienna and different other places, among whom are to be found bankers of first class; and on the other hand, this limitation draws a line against the check right of a too large number of small dealers. This line may appear illusory, inasmuch as all are free to trade, and anybody can report himself as doing banking business. But practically this line will be found useful.

The wholesale dealers represent the highest taxed class of merchants; they pay, according to the extent of their transactions, a yearly income tax of 315, 525, 735, 1,035 to 1,575 florins (Income Tax law, December 31, 1812, and appendices). Every merchant who reports himself doing banking business to the authorities, is, according to the rules, *then*, if not already a wholesale dealer, placed in the class of wholesale dealers, and subjected to the corresponding taxation. It may occur that some one, who is called “banker,” or who will allow himself to be drawn upon by check, takes upon himself the tax duty of a wholesale dealer, even though his capital and the extent of his transactions do not warrant it.* But such cases will always remain isolated, and draw the commercial community's attention to itself. Experience, however, shows that many very respectable banking houses, who have all rights to be “wholesale dealers,”

* The Income Tax bill proceeded on the presumption that every wholesale dealer possessed at least a capital of 50,000 florins, and did a yearly business of at least 150,000 florins. If these figures, from a patriarchal age, still mean anything, then Vienna has to-day more than 35 wholesale houses.

prefer to conduct their banking business under the modest titles of "grocers," "commission merchants," "country produce merchants," etc. According to the wording of paragraph 4, these merchants would be excluded from check right, but that does not imply that all grocers would, therefore, have the right. The legislation gives the greatest individual freedom of business to everybody who announce themselves as "banks," by giving them all the bankers' privileges. But he who, before the law, will only be a "commission merchant," a "produce merchant," can certainly not expect to be treated as a "banker."

Third Question.—Is the validity of the check conditioned by the ready money on hand in the bank at the time of drawing the check?

This question is the pivotal point of the Check-law. It is not possible to answer it, without going into details about the nature and function of the check.

It is the nature of the check that the drawer calls forth a cash payment from the drawee in place of cash payment by the drawer. In giving a check the drawer will make a cash payment to the recipient of the check; the drawee must take his place and receive the check as soon as possible, and make the payment on sight. He who receives a check will neither credit nor give time, he only agrees to receive his payment in some other place. A payment by ready cash is one simple act; the payment by check begins with the delivery of the check, and is ended by its presentment and redemption. These three acts, the drawing, presentment and redemption make an indissoluble whole, and only in their totality is payment effected. But that this totality may find place it becomes necessary that the drawee has ready cash on hand, and available. It is indifferent to the possessor of the check by what proceedings this amount becomes available; whether by cash payment or by another's disposition of the amount, or by checks, notes or stocks, which the drawer collects through the banker, or by a loan contracted through the banker, transferred to the drawer's Giro-account; the main thing is, that the amount is available, without regard to how it has become available. By giving the check, the drawer formally declares that the amount is available at the drawee, and it is this declaration which distinguishes the check from all other drafts. This declaration, however, becomes an untruth, when the amount is not on hand at the time of giving the check or at the time of its presentment. If the legislation abandons the first and main point of the check, the duty of the drawer to see that cash is on hand for payment, it loses the most significant mark by which to distinguish the check from the bill of exchange.

The check, according to its nature, is:

(1) The announcement of the fact that the sum drawn is available for the drawer through the drawee,

(2) The commission to the drawee to pay on sight that sum,

(3) An authorization to the proper party to receive that sum.

The order to pay, like the order to collect, are both characteristic of the ordinary draft, but the assurance that the ready cash is on hand for the amount drawn, is only characteristic of the check, and is not presumed in regard to a draft. The last form is customary in selling goods where payment is doubtful, and sometimes it is used to cause payment. If checks were allowable for such reasons, then the check would be turned into its opposite, and all check matters put in a doubtful light, which certainly would not promote its development.

The legality of writing out an uncovered check would easily, in cases of inability to pay, lead to false statements for momentary relief, perhaps in hope of later ability to procure funds, perhaps also without it or intentions to do so. That would make the check a paper of credit. But is the check, the only peculiar representative of cash payment, to be made a paper of credit?

In no country has the legislation sanctioned the issue of uncovered checks, and the Austrian Check-law will hardly open a new field in that direction. In consequence of the foregoing, the answer to paragraph 3 must be that a check is only permissible at the time of its issue if the money is available at the banker drawn upon. That that amount must be in the hand of the banker at the time the check is drawn, cannot be demanded of the drawer. The banker is related to his customer as a debtor to creditor—a relationship in which the former is only compelled to pay his debt when the customer directs by means of a check. When a customer makes a money deposit at a banker's, the banker receives from him a loan; the deposited money becomes that of the banker. The latter is not compelled to make any account of its use to the customer, and the customer cannot know if the money is on hand or not. He must only know what amount he has paid the banker.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

ANTI-TRUST LEGISLATION.

In view of the probability of the passage by Congress, at the next session, of some sort of anti-Trust legislation, in which both political parties will join, for effect upon the popular vote, at the next presidential election, it is important first to understand the conditions which have made such a revolution in business methods of long standing, possible, or desirable; and to learn what new and general causes have been at work to make men, who have spent a lifetime of time in building up and conducting a business, thus willing to surrender it into the hands of gigantic corporations, and lose their individual control, while retaining their ownership therein. That there must be some deep-seated, as well as general, reason is apparent.

The laws of trade, like those of nature, are supposed to be immutable and unchangeable. The two corner-stones of commerce and industry, according to the universally-accepted commercial economy of the age, are the principles embodied in these two maxims, that Competition is the life of trade, and that Supply and Demand regulate prices. Yet the advocates and apologists of the most modern, and wholly new and American school of industrial science, as developed in the all-powerful and rapidly spreading combinations, known as Trusts, seem to entirely ignore these doctrines of the founders of this science, and they are proceeding upon a diametrically opposite theory, that claims Combination is the life of trade, and that Supply and Demand are no longer able to regulate prices, so as to return a profit to producers. Such a radical change in the usages of trade, and such a complete revolution in the principles upon which it is conducted, can scarcely be accepted, as against the established customs of civilized nations, and the accepted principles upon which the commerce of the world is based, without careful scrutiny, and the test of experience. To so revolutionize the business of the whole commercial world, as the general adoption of the principle, at the foundation of Trusts, would do, without first making certain that the old creed of political economy was an error, and that the revolution is a modern necessity, would be too dangerous a conclusion to accept, until the truth, as well as the apparent necessity, of the new faith is fully demonstrated.

That Combination is the death of trade, and interference with Supply and Demand to enhance prices a conspiracy against the public welfare, as well as the common law, is the generally accepted belief.

of the times; and the burden of proof, that this is an erroneous theory, rests upon the advocates of Trusts, if they would meet and overcome the tide of hostile public feeling, that is demanding and will secure anti-Trust legislation, both State and National. It is incumbent on them, therefore, to show, if they can, that the great modern agencies of commerce—steam, electricity, and labor-saving machinery—have so revolutionized the industries and trade of mankind, that the principles upon which they must be conducted, to be successful, have been changed also, since those times, when Free Competition and Supply and Demand were accepted by the common consent of the commercial world, as the universal law of trade between individuals and communities of the same nationalities; though not, as a rule, between those of different nations.

That the principles on which Trusts are founded, and their benefit, as a protection to capital invested, find a partial precedent in the laws of nations, limiting foreign Competition, and thus interfering with Supply and Demand, in order to regulate and enhance domestic prices, cannot be denied. Another precedent, which is also but partial, is furnished by those countries whose governments retain a monopoly of certain manufactures, as a source of national taxation, for revenue, as that of tobacco, by the Latin nations of Europe. Protective legislation between nations, is, in part, the same principle as the Trusts are applying to Corporations, with, practically, the government manufacturing monopoly feature combined. That equally good reasons for the application of the protective principle in legislation, to the foreign trade of nations, exist, for its application to the domestic trade of communities, has been claimed by the advocates of Trusts, and its necessity urged, upon the ground that the aggregate capacity of individual producers has grown faster than consumption, and the result has been that this Free home Competition has produced an over-Supply, until Demand has ceased to have its share in regulating prices, or that its influence has become inoperative, while values have sunk below the cost of production, and would bring eventual ruin to those industries which have been compelled to form Trusts for self-preservation. This has been the plea of, and for the Trusts that have been formed within the past year; and it cannot be denied that it was a plausible one in many, if not all, of those cases.

Up to this point, the great body of business men, who have known the facts which had virtually forced individual manufacturers and merchants into some of these combinations, against their principles and their wills, as the only escape from bankruptcy, have acquiesced in, or approved of these combinations. Had the Trusts, when formed, been content with protection from such loss, and a fair profit on their investment, which was their original object, there would have

been no such general and wide-spread hostility developed against them as has since sprung up, and now clamors from all parts of the country for "the suppression of Trust monopolies." For the Trusts have chiefly to thank some of their members—notably the sugar refiners, who, when they felt their power, were not satisfied with a good, safe profit, but wanted to make up their losses of five years in one, and added the obnoxious monopoly feature in the production of this necessity of life, and proceeded to levy an additional and unnecessary tax upon the consumers, while attempting to crush out the middlemen and the producers of the raw material at the same time. Here was the great mistake. The Sugar Trust had followed the example of the oldest, most powerful, and most successfully managed Trust and money-making concern in existence, it would have done as the Standard Oil had done for years—that is, keep oil comparatively cheap to the consumer, though it has held absolute power to make the price what it pleased. It has never antagonized public opinion nor the people, else it would have been attacked by legislation, years ago, such as the Sugar Trust has now brought upon itself and fellows.

Americans are willing to protect any legitimate industry, where it needs it, as they seemed willing to admit that most of the Trusts, if not all of them, did. But there is no people in the world so jealous of monopoly as they. Neither private nor Government monopoly are permitted without protest here, in the manufacture of anything but money and postage, except in one's own discoveries or inventions, or works which are protected under the general copyright and patent laws, but only for a term of years. Hence, they already have demanded of Congress a law to prevent Trusts for monopoly, for which there is and should be, no public or private excuse, in this country; and which are only tolerated in Europe, on the part of the Government, by a few countries, and for revenue only.

This is where Congress should draw the line, in any law it may pass, as well as to compel them to organize under some State or national law, which will make them amenable to both. That there were financially urgent reasons for this widespread Trust movement is proved by its existence, and in the economic management of management possible, by which the cost of production can be greatly reduced thereby, and the consumer benefited well. These are the practical points with which Congress has to deal, as well as the economic questions raised at the commencement of this article, as to whether the old trade laws of Free Competition, and the equalizing of prices by Supply and Demand, apply to this age of steam and machinery, in part or whole; and whether they were originally only partially true, and require modification.

cations in their applications to individuals and industries, as they have always had in their applications to the foreign trade of nations, under the universal system of tariff, either for revenue or protection, or both.

RIGHT OF BANK TO QUESTION OWNERSHIP OF DEPOSIT.

SUPREME COURT OF PENNSYLVANIA.

The Citizens' National Bank v. Alexander.

It is clearly against public policy to permit a bank that has received money from a depositor, credited him therewith upon its books, and thereby entered into an implied contract to honor his check, to allege that the money deposited belongs to someone else. This may be done by an attaching creditor, or by the true owner of the fund; but the bank is estopped by its own act.

A., a county treasurer, deposited the county moneys with a banking company. A.'s sureties being afterwards suspicious that he was misapplying the county funds, A. appointed B. his deputy treasurer. B. opened another account with the same banking company in his own name as deputy treasurer. In an action brought by B. as deputy treasurer for the balance of his deposit:

Held, the banking company could not apply any of the funds deposited by B. as deputy treasurer in satisfaction of an overdraft made by A. on his account as treasurer, nor could the banking company set off said overdraft in defense of this action.

On the first Monday of January, 1884, C. H. McAuley qualified and entered upon his duties as treasurer of Warren County. Upon assuming the duties of the office, he opened an account in the Citizens' National Bank of Warren as C. H. McAuley, treasurer, in which he deposited the moneys received by him in his official capacity, and drew his checks as treasurer, from time to time, in payment of the proper expenditures of the county.

On the first day of February, 1886, he had a credit balance in said bank of \$6,761.13. From February 1st to the 8th he drew checks on that account to the amount of \$8,703.65, creating an overdraft of \$1,942.52.

About this time his sureties became suspicious that he was misappropriating the public funds which came into his hands, and instituted an investigation, which resulted in his appointing W. J. Alexander deputy treasurer, so far as he had the power to make such an appointment, there being no law authorizing the appointment of a deputy county treasurer. McAuley continued to be the treasurer of the county until the close of the term for which he was elected, ending first Monday of January, 1887, at which time the county auditors settled his accounts. On the 17th day of February, 1886, W. J. Alexander opened an account with the said Citizens' National Bank as W. J. Alexander, deputy treasurer, in which he deposited the public funds, checking them out from time to time as required to pay the county expenditures. On July 19, 1886, the bank passed enough of the funds deposited by W. J. Alexander, deputy treasurer, to the credit of C. H. McAuley's account to balance the account or liquidate the overdraft, the amount being \$1,942.52, for which amount this suit was brought.

PAXSON, J.—This case is ruled by *Bank v. Mason* (95 Pa. 113). It was

there held that "it is clearly against public policy to permit a bank that has received money from a depositor, credited him therewith upon its books, and thereby entered into an implied contract to honor his check, to allege that the money deposited belongs to someone else. This may be done by an attaching creditor, or by the true owner of the fund; but the bank is estopped by its own act."

The learned judge applied this principle to the facts of this case, and herein he committed no error. The bank had no standing to assert that the money deposited to the credit of W. J. Alexander, deputy treasurer, did not belong to him; much less had it the right to apply \$1,942.52 of this money to an overdraft of C. H. McAuley, treasurer. Granted that the money deposited by Alexander belonged to the county as a matter of fact, yet, as between the bank and its depositor, it was the money of the latter. It was in no sense ear-marked as county money. The fact that it was deposited to the credit of W. J. Alexander, deputy treasurer, did not so ear-mark it. For aught that appeared upon the books of the bank, it might have been as deputy treasurer of a building association. The most effect that could be claimed for the words "deputy treasurer" was an acknowledgment by Alexander that he held the money for someone else, and the other person not being designated as between the bank and Alexander, the money belonged to Alexander. The bank could not refuse his check unless at the demand of an attaching creditor or the true owner of the fund. It is equally true that the bank could not have paid out a dollar of this fund upon the check of McAuley, the treasurer. The very object of the arrangement with Alexander, assuming the money to belong to the county, was to place it beyond the control of McAuley. If the latter could not draw it upon his check, how can the bank apply it to cover McAuley's overdraft? It was gross negligence in the bank to allow the overdraft, and it cannot protect itself in this summary manner and deny its depositor's check. The case is too plain to require further discussion. Judgment affirmed.

DRAFTS—PAYMENT BY DRAWEE WITH KNOWLEDGE OF NON-LIABILITY.

SUPREME COURT OF PENNSYLVANIA.

Harvey v. Girard National Bank.

Defendant bank received for collection a draft drawn on plaintiff, payable at another bank, where he had funds, and had left instructions to meet it. Defendant negligently failed to present the draft until the failure of the bank at which it was payable, so that plaintiff became discharged from liability thereon. *Held*, that plaintiff could not recover back the amount of the draft paid by him to defendant, with knowledge of the facts, although he made the payment under protest, and to save his credit.

Action by Thomas Harvey against the Girard National Bank, to recover back money paid to meet a draft drawn on plaintiff, and put into defendant's hands for collection. Judgment for defendant, and plaintiff brings error.

PAXSON, J.—It was conceded that the defendant bank rendered itself liable to the holder of the draft in question by its delay in presenting it to the Shackamaxon Bank, where it was made payable. It was received

by the defendant on the 27th of May, 1885. During that and the next day the Shackamaxon Bank paid all demands made upon it. Upon the 29th of May it suspended, and closed its doors. The plaintiff had sufficient funds on deposit at the Shackamaxon Bank on May 27th and May 28th to have met the draft, and had left instructions with that bank to honor it when presented. Had it been presented, and payment demanded, on the 28th, it would have been paid. Instead of sending it by messenger on that day, the defendant bank sent by mail. It was received by the Shackamaxon bank on the same day, and was acknowledged as of the same date, announcing its suspension. Both banks were located at the city of Philadelphia, distant about three miles from each other. The time required for a messenger between them did not exceed 30 minutes. It needs no argument to show that this presentation was not sufficient, and rendered the defendant bank liable to the holder for neglect of duty. As was before observed, so much was conceded. This liability grows, not only from the neglect of duty by said bank, but by virtue of the contractual relation between it and the holder. It was the agent of the latter for collection. This suit, however, was brought by the drawee, who claims to recover, not by reason of any contractual relation between himself and the collecting bank, for none exists, but by reason of the breach of duty on the part of the latter in not making proper presentation and demand for payment of the draft; it being alleged that the duty of a bank, in this respect, was of a public character, for the neglect of which any person injured thereby may have his remedy. The particular injury in this case was the loss of the money deposited by the plaintiff in the Shackamaxon Bank to meet the draft, and which would have been so applied had proper presentation and demand been made. As a general rule, the drawee of a draft cannot be said to be injured by a neglect to present it. The person damnified is the holder. But it is alleged there are circumstances in this case which take it out of the general rule. We are in no doubt as to the facts. They are distinctly and clearly found by the learned Judge below, who tried the case without the intervention of a jury. Thomas R. Alcorn, the drawer, was the agent of the plaintiff for the purchase of live stock. He bought a quantity of sheep at Buffalo, N. Y., and in payment therefor drew this draft on Thomas Harvey, his principal, and the plaintiff in this case. Alcorn had been purchasing agent of the plaintiff for years, and, by authority of the latter, had drawn upon him from time to time in payment of his purchases. This draft was drawn in the same manner, and by the same authority. It may therefore be said to be substantially a draft drawn by the plaintiff upon himself. This was the position of the matter on June 1st, when the draft was returned by the Shackamaxon Bank to the Girard Bank, defendant. On the 2d of June the defendant bank sent the following letter to the plaintiff. "PHILADELPHIA, June 2, 1885.

"*Thomas Harvey, Esq.*—DEAR SIR: Thomas R. Alcorn's draft upon you for \$799.22 was received, through the Bank of North America, of New York, on May 27th. Payment was refused. The Shackamaxon Bank returned to us, and received by us June 1st, on account of failure of the bank. WHITEMAN, Cashier."

On the same day (June 2d) the plaintiff paid to the defendant bank, under protest, the amount due on the said draft, and took up and received the same. The plaintiff knew, when he paid the draft, that it had been received by the Girard Bank on the 27th of May, and that the Shackamaxon Bank did not close its doors until the 29th. In any view we may take of the case, therefore, the plaintiff knew, or was chargeable with knowledge, on June 2d, that he was not liable on the draft, even

had he accepted it in writing. If, under the peculiar circumstances of the case, we were to treat the draft as a check drawn by the plaintiff upon the Shackamaxon Bank, the failure of the latter, after the time when, by due course of commercial usage, it ought to have been presented, relieved the plaintiff from all liability thereon. On the other hand, treating it as a draft, it is equally clear that no recovery could be had against him thereon.

It was alleged, however, that, if not liable upon the draft, the plaintiff remained liable for the sheep which his agent had bought, and for the payment of which the draft was given, and that the payment was voluntary, inasmuch as he paid under protest, and for the purpose of protecting his credit.

We are unable to see the force of this proposition. In the first place, the liability of the plaintiff to the holder of the draft for the price of the sheep is more than doubtful. The latter, having received the draft, could not sue the plaintiff upon the original consideration until an acceptance or payment had been refused by the drawee. Neither occurred. It was his duty to collect the draft. He attempted to do so. The plaintiff provided the money to meet it, and that money was lost through the negligence of the holder. I say the negligence of the holder, because the collecting bank was his agent, and its negligence was the negligence, so far as the plaintiff is concerned. The holder had no remedy against his collecting agent for the negligence of the latter; but, as between the holder and the plaintiff, the latter was discharged, both as to the draft and the consideration therefor, by the negligence of the former, resulting, as it did, to the prejudice and loss of the plaintiff. This is a familiar principle of commercial law. *Chit. Bills*, 354. Even if we are mistaken in this, we do not see that it affects the case. The plaintiff paid his money upon the draft, *qua* draft, and not upon the draft or consideration which it represented; and he claims now to recover solely for a breach of duty by the defendant in relation to the draft. He paid as a volunteer, unless there be that in the fact of paying under protest, and to protect his credit, which will relieve him from that position. The plaintiff might well have stood upon his legal rights. He was not liable upon the draft, as before stated, and we incline to the opinion that he was not liable upon the consideration for which it was given. Was the payment under protest, and to preserve his credit, sufficient to convert a payment, otherwise voluntary, into an involuntary one? The protest was of no importance in a legal sense. A voluntary payment of money under a claim of right cannot, in general, be recovered back. There must be compulsion, actual, present, and potential, in inducing the payment, by force of process available for instant seizure of person or property, when the party so paying must give notice of the illegality of the demand, and of his involuntary payment. The element of coercion being essential, mere protest or notice will not change the character of the payment, or confer of itself a right of recovery. *Peebles v. City of Pittsburgh*, 101 Pa. St. 304. However desirable to the plaintiff may have been the preservation of his credit, a voluntary payment for that purpose could not give him a standing, as a party injured, to sue for the negligence of the defendant bank. Nor is it by any means clear that he might not have preserved his credit in some other way. Had he allowed the draft to go back protested, with an explanatory letter, he would doubtless have preserved his credit, as well as the remedy of the holder of the draft against the defendant bank for its negligence. As it stands, the holder has no remedy, because he has been paid. The plaintiff has no remedy, because he is a volunteer.

This view renders a discussion of the authorities cited unnecessary. They are not applicable. For the same reason we may disregard the claim to subrogation. The plaintiff is not in a position to demand it. Judgment affirmed.

BANK'S LIABILITY FOR TELLER'S CONDUCT.

SUPREME COURT OF TEXAS.

City National Bank v. Martin.

Where a note is left with the teller of a bank for collection, and the bank receives the money therefor, but the teller deposits the amount in his own name, the bank has notice as to the ownership of said note through its teller, and is liable to the true owner, although said note was payable to the order of said teller.

The declaration of a deceased bank teller, that he had lent plaintiff's money, made at the time of exhibiting to plaintiff a note therefor payable to himself or order, when corroborated by the statement of the makers of the note that the teller said the money belonged to an outside party, is sufficient to prove plaintiff's ownership of the note in an action against the bank for the amount paid to it on said note.

MALTBIE, J. [for commission of appeals].—John Nichols was the receiving and paying teller, also a director and vice-president, of appellant, the City National Bank of Fort Worth, and died insolvent on 17th day of August, 1885, a defaulter to the bank in the sum of \$30,000. During the year 1884, and up to the time of Nichols' death, the appellee, D. C. Martin, was a customer of the bank, and in the month of December deposited with it the sum of \$1,800; Nichols receiving it for the bank. At the time of making this deposit, Martin requested Nichols to assist him in making a loan of this money. In January, 1885, Martin called at the bank, and was informed by Nichols, who was then occupying his place as teller, that he had loaned \$1,500 of the money, and at the same time exhibited to Martin a note for that amount, signed by Boaz & Battle payable to John Nichols, or order, at appellant bank, indorsed by Nichols and others in blank. Martin directed Nichols to hold it for collection; the understanding of Martin being that Nichols was to hold the note in his capacity of agent of the bank. On 27th of June, Boaz & Battle called on Nichols at the bank, and gave him a check on the Traders National Bank, payable to the order of appellant, for the sum of \$1,583.50, in payment of this note and accrued interest. This check was paid to the bank on 29th. Nichols received the check from Boaz & Battle, and delivered their note to them. Nichols then made a deposit check in his own name for the amount of the check so secured, and caused the same to be entered on the books of the bank to his individual credit. The bank never accounted to appellee for this note, or the \$1,500 that Nichols claimed that he had advanced of appellee's money for the note. After these transactions had occurred, appellee, not knowing of them, authorized Nichols to extend the time of the payment of the note till fall, upon payment of the interest. Soon after this, Nichols represented to appellee that he had collected the interest, and extended the time of the payment of the note. Appellee, upon the strength of these representations, drew several small drafts on the bank for the interest that he supposed had been collected on the note, which were paid by Nichols, and suppressed without being reported to the bank. No officer of the bank except Nichols was informed of any of these matters; but appellee did not discover that

there were irregularities about the transactions until after the death of Nichols. Upon this state of facts the court rendered judgment in favor of appellee for the amount of the note and interest. It is no part of the business of a bank to loan money for the public or for individuals; and, in the absence of proof that appellant was engaged in such business, it must be presumed that Nichols, in making the loan of appellee's money, was acting outside of the scope of his authority as agent of the bank, and no liability would attach to the bank for the acts of Nichols in making the loan. In this case the complaint is not in reference to the making of the loan, but that the proceeds of the loan were appropriated by the bank to its own use after it had not been shown through Nichols, that the money belonged to appellee. It is insisted in the first place, that there is no competent evidence that the note in controversy was the property of appellee; and in the second place, it is insisted that, if the note was shown to belong to appellee, there is no evidence that appellant had notice of this fact, and that it had a right to apply the money in its possession to the credit of Nichols in payment of his defalcation. The declarations of Nichols, at the time he exhibited the note to appellee, were not objected to, so far as the record shows, and it must be considered by this court that no objection was made at the time below, though it is claimed in the brief of counsel that there was; and any objection that could have been made to the admission of the evidence must be held to be waived. Parties have the right to object or not, as they may see fit, to the admission of testimony, and may be offered during the progress of a trial. If they fail to do so, the testimony is to be weighed by the court or jury, and such probable force should be given to it as it may be entitled to. Any other rule would lead to great confusion and uncertainty in determining cases upon appeal. The question, then, is, was the evidence sufficient to satisfy a reasonable mind that the note was the property of appellee? Nichols certainly knew to whom the note belonged. It was payable to his own order, and indorsed by himself in blank. The declarations of Nichols were corroborated by Boaz and Battle to the extent that, at the time the loan was made, Nichols stated to them that the money belonged to an outside party. So there can be no doubt of the sufficiency of the testimony on that point. The note about which the declaration was made then being in the possession of Nichols, and payable to his order, the presumption was that it belonged to him, and that reason the declaration was against his interest when made, and he, having competent knowledge of the subject, and having been shown to be dead, the evidence was admissible on this ground. 1 Greenl. Ev. § 147. At the time of these declarations, appellant had no interest in the subject-matter, but its claim attached long subsequent thereto.

It clearly appears from the testimony that appellee was the owner of the note, and that he delivered it to Nichols, as agent of the bank for collection. It is objected that Nichols had no authority to receive the note for collection in behalf of the bank; his business as teller being to receive and pay out money over the counter. Let it be conceded that the duties of a teller, by the rules of banking, are thus limited. It is shown that Nichols on other occasions had made collections for the bank. But, if it had not been shown, it is a well-known fact that the collection of money for others is a part of the regular business of banks; and when a bank opens its doors for business with the public and places officers in charge, persons dealing with them in good faith and without notice of any want of authority in such officer, and the donee is in the apparent scope of the officer's authority, whether

officer was actually clothed with such authority or not, the party so dealing would be protected. *Bank v. Bank*, 10 Wall. 650. If a bank does not wish the public to deal with any particular one of its officers at its regular place of business in a particular line of that business, it would be its duty to so notify the public in some effectual way. The public certainly could not be expected to know, without being informed, that a person that was in the habit of daily receiving and paying out money in sums great and small had no authority to receive a note for collection, or receive the money for it when offered at the counter. It may be that no one except the bill collector was authorized to make collections in this bank, or to receive notes for collection. Still, it would be most unreasonable that an ignorant third party, who had acted in good faith, should suffer in consequence of this rule. At the time Nichols received payment of the note in controversy, he was acting for appellant in the apparent scope of his authority, and knew, to an absolute certainty, that the money belonged to appellee, the knowledge of which, we think, under the circumstances, must be imputed to the bank. And, having held him out to the world as worthy of confidence, it would be monstrous to allow it to profit by the frauds that he was thus enabled to perpetrate. There is no doctrine of the law better settled than that a corporation or other person is liable for the frauds of its agents perpetrated in the scope or apparent scope of their authority. If the bank had received the money without being chargeable with notice that it belonged to appellee, it might have been entitled to hold it; but such is not the case, and we think the judgment should be affirmed.

STAYTON, C. J.—Report of commission of appeals examined, their opinion adopted, and judgment affirmed.

LIABILITY OF STOCKHOLDERS.

SUPREME COURT OF ILLINOIS.

Schalucky v. Field.

Under a bank charter that provides that, upon default by the bank in the payment of any debt or liability, the stockholders shall be held individually responsible for an amount equal to the amount of stock held by them respectively, the stockholders are, in effect, partners, and are, within the limitation stated, liable as partners, and not as sureties, to the creditors of the bank.

An action by a depositor in a bank against a stockholder for the balance of his account, as evidenced by entries in his pass-book, written by officers of the bank, is an action upon "evidences of indebtedness in writing" within the meaning of the statute of limitations.

MAGRUDER, J.—This action was brought by the plaintiff in error, in the Superior Court of Cook county, against the defendant in error, as a stockholder in the German Savings Bank of Chicago, to recover the balance due upon certain amounts deposited by him in said bank. The judgment was in favor of the defendant, and, on appeal to the Appellate Court of the first district, was affirmed. The case is brought before us by writ of error to the Appellate Court, two of the judges having granted the statutory certificate of importance. The provision in the bank's charter (being section 9 of the act of the Legislature of Illinois, incorporating the bank, to be found in Private Laws 1869, vol. 3, p. 393) upon

which the individual liability of the stockholders is founded, and to which this suit was brought, is as follows: "When default shall be made in the payment of any debt or liability contracted by said corporation, the stockholders shall be held individually responsible for the amount equal to the amount of stock held by them respectively." This suit was begun on September 19, 1883, and an amended declaration was filed on December 26, 1883. The declaration avers that the defendant was, on January 1, 1874, the owner of 50 shares of the stock of the bank, amounting to \$5,000, and that since July 1, 1877, the bank has been utterly insolvent, and that demand has been made on it, etc. The declaration also avers that plaintiff made a number of deposits of money in the bank between August 8, 1874, and July, 1877, and received a number of payments out of these deposits during that period, leaving a balance due him on July 1, 1877, upon which a payment of \$359.62 was subsequently made. It is further averred that the deposits and interest thereon were entered by the bank in a bank or pass-book issued by the bank to the plaintiff, wherein the bank, when such deposits were made, entered the interest became due, made entries in writing, as evidence of the indebtedness to the plaintiff. The amount sued for is the balance shown to be due by the written entries in the pass-book. The defendant pleaded three pleas to the amended declaration: "(1) *Nil debet*, that the cause of action did not accrue within two years next before the commencement of the suit; (2) that the cause of action did not accrue within five years next before the commencement of the suit." The plaintiff joined issue on the first plea, and demurred to the second. The plaintiff filed a replication to the third plea, setting up a payment to him on June 30, 1883, of \$359.62, by a receiver of the bank, appointed in a chancery proceeding brought against the bank at the suit of certain creditors. This sum was the amount of a dividend of 70 per cent. upon the plaintiff's claim declared in said proceeding, and paid under the order of the court. The defendant demurred to the replication. The case was heard upon plaintiff's demurrer to the second plea, and upon the defendant's demurrer to the replication to the third plea. The court sustained both demurrers, and rendered judgment in favor of the defendant for the costs.

Even though the replication to the third plea be defective, yet the demurrer must be carried back and sustained to the third plea if the latter is defective. (*Railroad Co. v. Neill*, 16 Ill. 269.) The only matter then, which is presented for our consideration is the validity of the third plea. The question to be determined is whether or not the cause of action in this suit is barred by the five years limitation of the statute. Section 15 of the limitation law provides that "actions on unwritten contracts, express or implied, . . . and all civil actions not otherwise provided for, shall be commenced within five years next after the cause of action accrued." Section 16 provides that "actions on bonds, promissory notes, bills of exchange, written leases, written contracts, and other evidences of indebtedness in writing shall be commenced within ten years next after the cause of action accrued," etc. The period of ten years named in the latter section was sixteen years under the law of 1849, which was in force before July 1, 1872. In *Jussey v. Horn*, 6 Ill. 379, the action was *assumpsit*, and the evidence of indebtedness introduced by the plaintiff was a depositor's bank-book, kept in the usual form. The bar of five years was pleaded, but it was held that the account evidenced by the bank-book was not barred until the lapse of sixteen years after the cause of action accrued. In that case we said: "The entries in the book were made by the bankers, and they charged

themselves with the money deposited. They constituted 'evidences of indebtedness in writing' within the meaning of the statute." Therefore, as between plaintiff in error and the German Savings Bank, this action was not barred by reason of its not being brought within five years, but must be regarded as having been brought, upon such an "evidence of indebtedness in writing," as would not be barred until after the lapse of ten years. Does it make any difference that the action is against a stockholder, and not against the bank itself? This court has frequently held that an action at law by a single creditor will lie against any stockholder of an insolvent corporation to enforce an individual liability created by its charter. (*Culver v. Bank*, 64 Ill. 528; *Corwith v. Culver*, 69 Ill. 502; *Tibballs v. Libby*, 87 Ill. 142; *Fuller v. Ledden*, Id. 310; *Arenz v. Weir*, 89 Ill. 25; *McCarthy v. Lavasche*, Id. 270; *Buchanan v. Meisser*, 105 Ill. 638; *Thompson v. Meisser*, 108 Ill. 359.) In the last two cases the section of the charter of the People's Bank, of Bellville, under which suits were brought by creditors against Meisser as a stockholder, was exactly the same as section 9 of the German Savings Bank of Chicago, as above quoted. The stockholders, with respect to their personal liability under such a provision as section 9, are in effect partners, and are liable, as such, to the creditors of the corporation, to an amount equal to the amount of stock held by them respectively. The stockholders in the German Savings Bank assumed a primary liability to the creditors to pay the indebtedness of the bank to the amounts stated in section 9. When a debt was contracted by the bank the liability of those who were then stockholders attached, and from that moment they became bound in the same manner and with like effect as if they had been doing business as partners unincorporated, except that the liability of each stockholder was limited to an amount equal to the amount of stock held by him. (*Fuller v. Ledden*, *supra*; *Thompson v. Meisser*, *supra*.) Inasmuch as the liability of the stockholders to the creditors is primary, and must be regarded as that of partners unincorporated, it follows that the stockholders occupy the same relation to the creditors as the bank does, so far as the statute of limitations is concerned. The stockholders owe the same debt to the depositor which the bank owes. He can be sued for that debt just as the bank may be sued, and as soon as the bank may be sued. There is no reason why the remedy should be pursued within a shorter time in the one case than in the other. It is true that the entries in the pass-book are made by an officer of the bank, and not by the stockholder. But such officer, in making the written entries, acts as the agent and representative not only of the corporate entity known as the bank, but of the stockholders regarded as unincorporated partners. The written evidence of indebtedness is as binding upon the latter as upon the former. (Wood, Lim. § 149; *Conklin v. Furman*, 8 Abb. Pr. (N. S.) 161.) The liability of the stockholders "ends at the same time that liability on the part of the corporation ends," and not sooner. We are therefore of the opinion that this action against defendant in error was not subject to the bar of the statute of limitations until after the lapse of ten years, according to the terms of section sixteen as above quoted. In the consideration of this case we have not been aided by any argument on behalf of the defendant in error.

The judgment of the Appellate and Superior Courts are reversed, and the cause is remanded to the Superior Court of Cook county for further proceedings, in accordance with the views here expressed.

RIGHT OF BENEFICIARY TO DRAW DEPOSIT TRUSTEE'S AUTHORITY.

SUPREME COURT OF NORTH CAROLINA.

Bank of Statesville v. Waddell.

Where an executor deposited in a bank funds belonging to the deceased's estate and authorized the beneficiary under the will to draw on such funds, and the beneficiary continued to draw on them after the death of the executor, a receiver of the estate cannot recover from such beneficiary, for the benefit of the bank's creditors, the funds drawn after the death of the executor.

SMITH, C. J.—This action, at the instance of the receiver of the Bank of Statesville, whose effects are in course of distribution, in a creditor's suit, was brought before a justice of the peace, and, from his judgment in favor of the plaintiff, carried by the defendant's appeal to the Supreme Court of Iredell county. It is prosecuted to recover the sum of \$1,000, alleged to have been unlawfully drawn by the defendant from the moneys on deposit in the bank, and appropriated to her own use. The defendant denies her responsibility in the premises. At February term, 1887, a reference was made under the Code to two commissioners named, who were directed "to decide and determine all questions of law and fact and report to the next term." The report was made at August term, 1887, with the following findings of fact and law:

"To the Judge of said Court: The undersigned, referees in said case, beg leave to report that they find, as facts in said case, that R. F. Simonton, at the time of his death, which occurred in February, 1876, and some considerable time previous thereto, was and had been executor of the last will and testament of David Waddell, deceased, and trustee of the funds arising under said will for the benefit of the defendant, who amounted to more than the sums of money hereinafter mentioned, and that the said R. F. Simonton was during his life-time, and up to his death, cashier of the Bank of Statesville. (1) They further find as facts that, some time previous to the death of the said Simonton, he had entered upon the books of the bank a credit to himself, as executor of the said David Waddell, of the sum of four hundred and sixty-six dollars and sixty-five cents, which credit stood to the books of the bank undischarged and unreduced at the time of the death of the said Simonton, and at the time of the drafts hereinbefore mentioned as made by the defendant on the said bank. (2) They find as facts that said Simonton, previous to his death, had given to the defendant permission to draw at her pleasure upon the bank, and upon the said credit of fourteen hundred and sixty-six dollars and sixty-five cents, and that defendant had repeatedly in his life-time drawn checks of various sums upon said bank under said permission, which had been honored and paid by said Simonton as cashier, and that said permission to draw was unrevoked at the time of the death of said Simonton. They further find as facts that, after the death of said Simonton, the defendant, relying on said permission to draw, and acting thereon, on the 3d day of March, 1876, drew a check on said bank, for the sum of \$100, and on the 27th day of April, 1876, drew another check for \$500 on said bank, both of which said checks, on the days on which they were respectively drawn, were honored and paid by the new cashier of said bank, C. A. Carlton, or by his assistant cashier, W. K. Howell. (3) They further find as facts that, when defendant drew the said checks, resp-

ively, she intended to draw them upon the said fund standing on the books of said bank to the credit of the estate of David Waddell, and under the permission given her to draw by said Simonton in his lifetime; and that there was due her from R. F. Simonton, as trustee aforesaid, at that time, more than the amount of both said checks; and that at the time the said checks were paid by said Carlton, cashier, or by W. K. Howell, assistant cashier, it was the intention of the said Carlton or Howell, whichever made the payments, to charge the amount of said payments against the said credit of \$1,466.65 standing on the books of the bank to the estate of David Waddell, which, however, was never done, and the bank was never reimbursed for the payment of said checks. Upon these facts the referees find, as matters of law (1), that the permission given by said Simonton in his life-time to defendant to draw upon said fund standing on the books of the bank to the credit of the estate of David Waddell was revoked by the death of said Simonton. (2) That by the death of said Simonton said sum of \$1,466.65 passed to the control of an administrator *de bonis non* and trustee of the estate of David Waddell, whenever one was appointed, and until such appointment was in abeyance, and no one had a right to meddle with it. (3) They therefore find, as a matter of law, that any payment made by C. A. Carlton, cashier, or W. K. Howell, assistant cashier, out of said fund to the defendant, or any payment attempted to be made by either of them, was void and without authority of law. They therefore find that the plaintiff is entitled to recover of defendant the sum of (\$50) fifty dollars, and interest thereon at six per cent. from the 17th day of April, 1876, up to this date, and the sum of one hundred dollars, and interest thereon at the rate of six per cent. from the 3d day of March, 1876, up to this date—in all, the sum of one hundred and fifty dollars principal, and the sum of one hundred and two dollars and thirty cents interest—and the costs of this action.

"Respectfully submitted, ARMFIELD & BURKE, Referees."

The defendant then excepts, by her attorneys, to the report of the referees, in the following words and figures: "The defendant excepts to the report of the referees filed in this cause: That the referees erred in their conclusions of law in paragraphs 1, 2, and 3, in that they charge defendant one hundred and fifty dollars, with interest on the same, checked out by her after the death of R. F. Simonton. MCCORKLE, BINGHAM & CALDWELL, Attorneys for defendant." The exception, after argument, was overruled, the report confirmed, and the plaintiff adjudged to recover of the defendant the sum of \$252.30, whereof \$150 is principal, and cost, from which the defendant appeals to this court.

We do not concur in the opinion of the court, which seems to have been controlled by the rule governing actions of law, and to ignore the admixture of equitable elements in the present system, under which ultimate results are reached in a single proceeding. It appears from the report that R. F. Simonton, at the same time being executor of David Waddell and cashier of the bank, having trust funds in his hands derived from the testator's estate for the benefit of the defendant alone, or in association with another, made a deposit thereof in the bank in his capacity as such executor, in the sum of \$1,466.65, and gave the defendant the liberty of drawing upon said credit at her pleasure. This authority she repeatedly exercised during the life-time of Simonton, and after his death, in February, 1876, she drew other sums in a similar manner to the extent of the judgment rendered against her. This fund so deposited, and showing the trust upon which it was held, or, at least, one-half of it, beyond which the defendant had not gone, in equity

belonged to her, and was in this indirect way paid to her by the executor and trustee, as it was meet should be done. Assuming that, upon strict legal principles, the money would be recoverable only by the personal representative of the depositor (or the administrator of the testator *de bonis non*, perhaps), it is plain that a court administering the rules that are recognized in equity, as do our courts as well under their present constitution, would not permit a trust fund like this to be collected from the equitable owner and applied to the general indebtedness of an insolvent corporation. And if this were not permitted, still less could it, when it reached the hands of the rightful owner, be taken from such owner to be misapplied and lost. The old action of *assumpsit* was, in some of its features, an equitable proceeding, and the promise upon which the action rests is implied and arises *ex aquo et bono*. (2 Greenl. Ev. § 102.) The equitable right of a holder of a bond, to whom it has been transferred and delivered unindorsed by the payee, in whose name suit has been brought and judgment recovered, to receive the money when collected, is decided in *Hoke v. Carter* (12 Ired. 324), in which Pearson, J., thus explains the relations between the parties: "The legal effect of the contract of sale and delivery of the bond was to constitute the testator an agent of Fleming (the obligee) to receive the money; but the money vested in the testator as legal owner the moment it was received, for the chose in action of which Fleming was the legal owner was extinguished by the act which he had authorized to be done, viz., the reception of the money; and the money vested in the testator as legal owner by force of the contract of sale, which thereby became executed in the same way as if Fleming had himself received the money and handed it to the testator in execution of the contract." This ruling recognizes the right of an equitable owner of an unindorsed sealed security for the payment of money to take and hold the money paid under it against the claim of the legal owner of it, and such is very much the relation occupied by the defendant in the present controversy; and the defendant's position is strengthened by the new practice, which allows the party who is entitled to the money, and to receive it unconditionally, to assert the right in his or her own name in an action instituted to recover it. If the executor did not need the fund in process of administration, but was bound to pay it over to the *cestui que trust*, as would be his administrator in discharging the attached trusts, why should such *cestui que trust* be required to surrender it when voluntarily paid her by the officers of the bank, and use it for the benefit of the creditors of the latter?

And again, if it could not have been recovered by the defendant in an action prosecuted against the bank or the executor as trustee, yet it was in fact paid to her as the owner, under no misapprehension of the facts; and no implied promise to return or to account for the money, except as a payment in part, can arise out of the transaction, and most unquestionably no right of action can accrue to the bank or to the receiver, who is its representative. (*Devereux v. Insurance Co.*, 98 N. C. 6, 3 S. E. Rep. 639.)

It must be declared there is error in not sustaining the defendant's exception, and to this end the judgment is reversed, and the court below will proceed in accordance with this opinion to render judgment for the defendant.

AUTHORITY OF CASHIER.

SUPREME COURT OF DAKOTA.

Thompson v. McKee.

Where defendant indorsed a note payable to a bank, on the cashier's assurance that he would not be held liable thereon, such assurance will not protect him from liability, as the cashier exceeded his authority as an agent of the bank in making it.

Evidence of a parol agreement between the payee of a note and the indorser, that the latter should not be held liable on such indorsement, is inadmissible, as varying the terms of a written contract.

SPENCER, J.—This is an action upon a promissory note bearing date April 21, 1885, executed by the defendant to the order of the First National Bank of Sioux Falls for \$1,000. The plaintiff is the receiver of said bank. The incorporation of the bank, execution and delivery of said note by the defendant, and the appointment of plaintiff as receiver, is admitted by the answer. As matters of defense, it is alleged in the answer, in substance, that the note in suit was given in renewal or to take place of another of like amount, made April 8, 1884, between the same parties; that said last mentioned note was given for the amount of a draft which plaintiff had cashed in June, 1884, for one Henry Wolfe, and on which said defendant's name appeared as indorser; that said defendant went with said Wolfe to said bank for the purpose of identifying him, and while there, and when Wolfe presented said draft, the cashier asked defendant to indorse it, which he at first declined to do, but upon the cashier's statement to him that he only desired his name for the purpose of showing who identified Wolfe, and that he should not be held liable on said draft if he indorsed it, he did put his name on its back; that the first note was given by said defendant to the bank, with the understanding and agreement that defendant's liability thereon should not be greater than it was on said draft, and that in any event he should not be called upon to pay more than \$600 on said note; and that the note in suit was given under similar circumstances, and with a like agreement and understanding between the president and cashier of said bank and the defendant, and in renewal of said first note. Upon the trial of the action, the plaintiff produced the note in suit, read it in evidence, proved he found it among the assets of the bank when he took possession, that payment of it had been duly demanded of the defendant, and rested his case. Plaintiff then objected to the admission of any evidence on the part of the defendant, on the ground that the answer did not state facts sufficient to constitute a defense. The objection was overruled, and the plaintiff excepted. The defendant was sworn in his own behalf, and testified, substantially, to the facts as alleged in the answer. At the close of his testimony the defendant rested, and thereupon the plaintiff moved the court to direct the jury to return a verdict for the plaintiff, upon the ground, among others, that the facts as established by defendant's evidence did not constitute a defense; which motion was also overruled, and the plaintiff excepted. No other evidence was offered by the defendant, and at the close of all the evidence the plaintiff renewed his motion for the direction of a verdict in his favor, upon the grounds heretofore stated; which was again denied, and plaintiff excepted. The case was then submitted to the jury, under instructions from the court, and the jury returned a verdict in favor of the defendant. The plaintiff moved for a new trial, upon the grounds, among others, stated in the motions aforesaid; which motion was denied, and the plaintiff appealed to this court.

1. There is no pretense that there was any ambiguity about the draft or the indorsement of it by the defendant, which requires evidence to explain its meaning; nor is there any claim that it was indorsed by the defendant through mistake, fraud, or inadvertence. On the contrary, the draft seems to have been in the usual form of such instruments, and was indorsed by the defendant, unaccompanied by any words of explanation or limitation as to his liability thereon. He thereby made a contract with the bank which was absolute and unequivocal on its face, and was to the effect that the draft was genuine, and would be paid up on presentment at the time and place it was by its terms made payable, and that in default thereof he would himself pay it on demand. The allegations of the answer, and the evidence which the defendant was permitted to introduce against plaintiff's objections, are to the effect that he did not make such agreement. The general rule of law that parol evidence is inadmissible to vary, contradict, or explain an agreement which has been reduced to writing is well understood, and has found expression in section 921 of the Civil Code of this territory. Proof of the facts alleged in the defendant's answer could have no other effect, and could have been offered for no other purpose, than to contradict, vary, and impair the written agreement which the defendant made with the bank when he indorsed the draft. In no other way than by contradicting this agreement could the defendant have established the defense alleged in his answer. The court erred, therefore, in admitting the testimony of the defendant, under plaintiff's objection, to prove facts, because the tendency, purpose, and effect of such testimony was to contradict, and did in fact contradict, the written agreement of the defendant. A similar question was before the court in the case of *Davis v. Randall*, 115 Mass. 547, where the defendant offered to prove as a defense that he accepted certain drafts, on which the action was brought, for the accommodation of another, and that before they were accepted the president of the bank agreed orally that he should not be called upon to pay the draft; and it was held that proof of such oral agreement was incompetent, for the reason that it violated the rule of law that oral evidence was inadmissible to vary or control the terms of a written contract. This precise question has been the subject of judicial investigation in several cases very analogous to the one at bar, and the decisions have uniformly sustained this view (*Bank v. Dunn*, 6 Pet. 57; *Bank v. Jones*, 8 Pet. 14); and the general rule is well established.

2. Another fatal objection to the defendant's position is that, assuming that the facts alleged by him are true, and that evidence in support of them was admissible, still they constitute no defense to his liability on the note in suit, for the reason that the cashier or president of the bank had no right or authority to make any such contract that would bind the bank. Officers of banks are but its agents, and, like other agents, can only bind their principals when acting within the scope of their authority. It is not within the province of a cashier or president of a bank to excuse the obligations of persons liable to it, either as principal debtors or accommodation makers or indorsers without payment. And it has been repeatedly held by the highest judicial tribunals that officers of banks have not the power to excuse or limit the legal obligations of persons to the banks they represent, by agreeing with them that they shall not be held liable or called upon to pay the obligations which they make, either as principal debtors or accommodation makers or indorsers, and on the credit of which the bank has parted with its funds. In the case of *Bank v. Dunn*, 6 Pet. 57, it was so held; and

the case of *Bank v. Jones*, 8 Pet. 14, where this question was under consideration, the court made use of this language: "The discharge of the indorser was urged, on the ground that certain statements had been made by the officers of the bank, which induced the indorser to sign the paper under a belief that by doing so he incurred no legal responsibility. As the ground already is clear, it is unnecessary to add in this case, as was stated by the court in the *Case of Dunn*, that the officers of the bank had no authority, as agents of the bank, to bind it by the assurances which they gave." The same doctrine was held in the cases of *Bank v. Tisdale*, 84 N. Y. 655, and *Wyman v. Bank*, 14 Mass. 58, and is decisive of the case at bar.

It follows that plaintiff's motion to direct a verdict for the plaintiff should have been granted, and that the court erred in overruling said motion. We are therefore of opinion that said judgment must be reversed, and a new trial ordered.

All concur, except FRANCIS, J., dissenting.

ADVANCES ON BILLS OF LADING.

COURT OF APPEALS OF NEW YORK.

*First National Bank of Batavia v. Ege et al.**

A shipper drew against his consignment for sale upon the consignees, with whom his account was already overdrawn, and transferred the property, by assignment of the duplicate bills of lading, to the bank, which discounted the drafts. The consignees refused to accept or to pay the drafts, but afterwards received the property from the carrier upon the original bills of lading. *Held*, that the consignees had no right to apply the property, or its proceeds, in discharge of the shipper's liability to themselves arising from other transactions, and that the bank had acquired title to each consignment to the extent of the draft discounted on security thereof.

Plaintiff's omission to enforce his right of ownership in former cases cannot affect a subsequent case which involves different property; and, in the absence of proof that plaintiff's ignorance of his rights has prejudiced defendants, he is not now estopped to assert those rights.

RUGER, C. J.—This action was brought by the alleged owner to recover the value of certain personal property it claimed was wrongfully converted by the defendants. The conversion is claimed to have been established by proof that the defendants had in their possession on the 9th day of June, 1881, the property claimed, and that the plaintiff then demanded the same, and they refused to deliver it. Such evidence would of course authorize a finding, by the referee, of a conversion of the property, and if accompanied by evidence of title, would justify the recovery. The claim of title by the plaintiff is somewhat confused by reason of the peculiar mode adopted by one Williams, the general owner, in consigning produce purchased by him to the defendants to sell on commission. Williams was a produce dealer residing at Batavia, N. Y., and had for several years been in the habit of sending his property by railroad to the defendants, commission merchants in New York, to sell. He was accustomed, when shipping goods, to obtain from the carrier two bills of lading—one called an "original," and the other marked as a "duplicate." The originals were sent directly to the defendants, and the duplicates were retained by Williams, and attached to drafts drawn upon the defendants, which he procured to be dis-

* Affirming 39 Hun. 651, *mem.*

counted by the plaintiff. These drafts were frequently drawn without particular regard to the value of the property described in the bills attached thereto, and were usually accepted or rejected by the defendants, according to the condition of Williams' account, and the value of the consigned property in their possession. This was the general course of business pursued by the parties, and was known to and apparently acquiesced in by all. The particular transaction in question grew out of the dealings occurring between September 29, 1879, and February 18, 1880. During that period Williams had drawn 145 drafts, accompanied by the same number of bills of lading, upon the defendants, aggregating in amount \$59,025. The first 135 drafts, amounting to \$53,725, were accepted and paid by the defendants; but the last 10, drawn between January 31, 1880, and the 13th of February thereafter, and aggregating \$5,300, were not accepted, and together with the bills of lading accompanying them, were returned to the plaintiff as dishonored bills. The entire property covered by the 145 bills of lading, as shown by its subsequent sales, produced but \$52,065.52, so that by the payment of the first 135 drafts the defendants had paid to the plaintiff an amount in excess of the total proceeds of the property consigned.

The claim of the plaintiff is that the defendants had no right to apply the proceeds of the property received by them, under the last 10 bills of lading, to the payment of liabilities incurred through the acceptance of previous drafts. And we are of the opinion that this contention is correct. The practice of carriers in issuing duplicate bills of lading to consignors, for property shipped for sale, has been much disapproved of by the courts, for the reason that it affords a convenient opportunity for the commission of frauds by consignors, as well as subjecting the carrier to the hazard of making incorrect delivery of the property. (*Glyn v. Dock Co.*, 7 App. Cas. 591.) No copies of the bills of lading issued in these transactions appear in the case, but we must assume that, in accordance with the usual custom in regard to such instruments, they authorized the delivery of the property by the carrier to the consignees named therein, according to the order in which they were presented to it. (*Kemp v. Falk*, 7 App. Cas. 573; *Glyn v. Dock Co.*, *supra*.) No question, however, arises in this case over conflicting claims between holders of respective bills of lading, as there can be no claim that the defendants acquired title to the property consigned by virtue of the receipt of any bills by them. It was said by Lord Westbury, in deciding the case of *Barber v. Meyerstein*, L. R. 4 H. L. 336: "There can be no doubt, therefore, that the first person who for value gets the transfer of a bill of lading, though it be only one of a set of three bills, acquires the property; and all subsequent dealings with the other two bills must, in law, be subordinate to that first one, and for this reason, because the property is in the person who first gets a transfer of the bill of lading. It might possibly happen that the ship-owner, having no notice of the first dealing with the bill of lading, may, on the second bill being presented by another party, be justified in delivering the goods to that party. But, although that may be a discharge to the ship-owner, it will in no respect affect the legal ownership of the goods." These expressions are approved in *Glyn v. Dock Co.*, *supra*, and undoubtedly state the condition of the law in England on the subject at this time. See, also, *Lickbarrow v. Mason*, 2 Term R. 63, and notes to that case in *Shir. Lead. Cas.* (Bl. Ser.) 204. The possession of these bills, therefore, gave the defendants no title to the property described therein, but simply conferred upon them the right to receive it from the carrier, and hold it subject to an accounting with the consignor when sold, or to the

true owner when he should appear. If, however, before incurring liabilities upon the credit of such consignment, they received notice of its previous transfer to another party for value, they could not thereafter deal with the property to the prejudice of the rights of such party. By taking a transfer of a bill of lading from the consignor, and discounting a draft upon the faith thereof, the plaintiff acquired title to the property described therein, to the extent of the draft discounted by it, paramount to the claims of any other party. This would clearly be so unless such party had in good faith parted with value in reliance upon the possession of the property lawfully acquired. (*Bank v. Pfeiffer*, 108 N. Y. —, 15 N. E. Rep. 311, and cases therein cited.) When a consignee of property to sell accepts drafts upon the faith of such consignment, he acquires the right to sell the property, and apply its proceeds in payment of such drafts; but if such proceeds are insufficient for such purpose, he must rely upon the responsibility alone of the drawer to repay any deficiency. By the mere receipt of subsequent shipments he acquires no lien thereon to the prejudice of those who have advanced money upon them, and taken transfer of bills of lading to secure such advances. The defendants have had notice, by the uniform course of dealing between the parties, and the invariable practice of Williams in raising money of the plaintiff to make purchases, that the consignments in question had been transferred to the plaintiff, and they could not prejudice its rights thus acquired, except by incurring, in good faith, new liabilities upon the faith of Williams' apparent ownership, and their possession of the property, even if they could do so under such circumstances. It was the duty of the defendants, when they received notice of the ownership of their consignments by the plaintiff, to hold and dispose of them on its account, applying the proceeds to the payment of the specific drafts accompanying the consignment, and, if insufficient for that purpose, to charge the deficiency to their consignor. The plaintiff, however, never incurred any liability to the defendants on account of the acceptance and payment of drafts by the defendants for a greater amount than the value of the property consigned, and had the right to consider each subsequent consignment as a new dealing, to be treated according to the specific rights thereby acquired. With respect to the ten bills of lading in question, the evidence shows that the plaintiff advanced money upon the transfer thereof to it, and acquired title to the property therein described, before any other right or claim could have attached thereto; and it is clear that it had the right to have the proceeds applied in satisfaction of the respective drafts accompanying the respective consignments, or to have the property delivered to it upon demand.

Some proof was given, tending to show that the plaintiff was ignorant of its legal rights until after all of the consignments were received by the defendants; but there is no evidence showing that the defendants were prejudiced by this conduct of the plaintiff, or that it was estopped from asserting its legal ownership by any steps taken by the defendants in reliance upon the plaintiff's conduct. It is quite possible that the defendants might thereby have felt authorized to pursue a course of business which would not otherwise have been adopted; but this affords no reason why courts should disregard the plain legal rights of parties, unless some element of estoppel, as against such parties, is introduced into the transaction. The fact that a party has on other occasions omitted to enforce his clear legal rights as to some property, affords no reason why he should be defeated as to legal claims upon other property when he does finally assert them.

The judgment of the general term should be affirmed. All concur.

LEGAL MISCELLANY.

BANKS—FUNDS DRAWN BY CESTUI QUE TRUST—RIGHTS OF BANK.—Where an executor authorized the beneficiary under the will to draw on the funds of the estate deposited by him in bank, and the latter continued to draw on them after the death of the executor, the receiver of the bank cannot recover from such beneficiary for the benefit of the bank's creditors the money so drawn by him after the executor's death. [*Bank of Statesville v. Waddell*, S. C. N. Car.]

BILLS AND NOTES—WHEN NEGOTIABLE.—A contract to pay money with exchange on New York, or which authorizes the payee to declare it due whenever deemed insecure, is not a negotiable note. [*Carroll Co. S. Bank v. Strother*, S. C. S. Car.]

CORPORATIONS—MEETINGS OF DIRECTORS—NOTICE.—The by-laws of a corporation provided for regular meetings of its directors, and at such a meeting the board adjourned until the next day without fixing an hour, and no notice was given to the absent directors: *Held*, that the levying of an assessment at the adjourned meeting was void. [*Thompson v. Williams*, S. C. Cal.]

GUARANTY NOTE—CONSIDERATION—NOTICE.—Lack of consideration of a note is admissible to reduce the liability of a guarantor of payment when due, when the guarantor was a stranger to the original contract and received no benefit from his guaranty. Neither demand upon nor suit against the maker, nor notice of non-payment to the guarantor, is necessary to hold the latter. [*Carroll Co. S. Bank v. Strother*, S. C. S. Car.]

USURY—AGREEMENT FOR USE OF MONEY.—Where A. agreed to pay off tickets issued by B., and in case the money was not refunded the next day B. was to pay one and one-half per cent. per month, so much of the one and one-half per cent. per month as exceeds eight per cent. per annum is usurious. [*Burwell v. Burguyn*, S. C. N. Car.]

USURY—BUILDING AND LOAN ASSOCIATION.—In a case where a stockholder borrowed money from a building and loan association at a discount, with monthly payments, the contract was held not to be usurious. [*Thompson v. Gillison*, S. C. S. Car.]

BILLS AND NOTES—DESCRIPTIO PERSONÆ.—A promissory note, which says we promise to pay without further naming the maker, signed A. B., president, binds A. B. personally. [*Bobson v. Hassett*, S. C. Cal.]

PRINCIPAL AND AGENT—FRAUD OF AGENT—ACCOMPLICE.—A., a foreign corporation, was represented by M., who transacted all its business in the name of M., commercial director. B. made his note to M., commercial director, in exchange for M.'s note of a like amount. M. represented that the note was not to be transferred, but to be used in a mining deal of A.'s property, in order that he might present apparently correct accounts. M. put the note in A.'s safe, and told its bookkeeper that it was a private account; M. absconded with funds of the corporation to a greater amount: *Held*, that B. was liable on the note to A. [*Societe v. Mackintosh*, S. C. Utah.]

PROMISSORY NOTE.—Where one has given his note for a certificate which was to entitle him to tuition, but upon condition that a certain

number of other certificates should be sold, he cannot recover back the money paid on the note without showing that he had returned the certificate, or that it had been useless to him. [*Wood v. Ridgeville College*, S. C. Ind.]

SUBROGATION—SURETYSHIP.—Where a surety on a note gives as collateral security for the payment of the same, and subsequently a third party guarantees the payment of a debt to a limited amount, after deducting what the judgment may have produced: *Held*, that the surety was not entitled to be subrogated to the rights of the original creditor as against the guarantor of the deficiency. [*Tracy v. Pomeroy*, S. C. Penn.]

SURETY—CONTRIBUTION.—Where a surety claiming contribution from his co-surety has received from his principal, and applied to the debt a certain amount, that money must be regarded as having been paid by the principal, and the liability of the sureties for the balance must be adjusted accordingly. [*Walcott v. Hagerman*, S. C. N. J.]

USURY—LIMITATIONS.—Where, upon the receipt of a note for \$1,000, the payee counted out \$1,000 in money and then took \$100 from it: *Held*, that the statute of limitations does not begin to run against this usury until the note has been fully paid. [*Harvey v. National, etc. Co.*, S. C. Vt.]

BANKS AND BANKING—STOCKHOLDERS—PARTNERSHIP.—Where the charter of a bank prescribes that each stockholder shall be liable to the creditors of the bank to an amount equal to that of his stock, the stockholders are partners *quoad* the creditors, and not sureties for the bank. [*Schatzky v. Field*, S. C. Ills.]

BILLS AND NOTES—INDORSEMENT—SUING MAKER.—Under Alabama law, to hold an indorser of a promissory note payable on call, suit must be brought against the maker at the first court after the indorsement, not the first court after demand for payment. [*Mobile S. Bank v. McDonnell*, S. C. Ala.]

NEGOTIABLE INSTRUMENT—ACCOMMODATION PAPER—PARTNERSHIP.—Where one partner, at the request of another partner's father, signs a firm note for his partner's individual use, and that the note afterwards became the property of the father: *Held*, that the partners so signing were liable thereon. [*Lockwood v. Twitchell*, S. J. C. Mass.]

PAYMENT—PROMISSORY NOTE.—One who accepts the note of a third party and credits it as a payment on an open account is not thereby precluded from suing upon the account. [*Cheltenham, etc., Co. v. Gates, etc. Co.*, S. C. Ills.]

SURETY—SUBROGATION.—Where a surety pays a judgment against him and his principal, he is entitled to be subrogated to the rights of the creditor. [*Appeal of McCormick*, S. C. Penn.]

USURY—CONTRACT.—Where a trust deed of land is given to secure usurious loan and the creditor buys in the land, and afterwards, upon another arrangement, the debtor takes back part of the land and gives his note for the amount due to the creditor, that note is not affected by the usury of the former transaction. [*Ryan v. Newcomb*, S. C. Ills.]

BANKS—COLLECTIONS—TELLER.—When a note is left with a bank for collection, made payable to its teller, the bank is liable for the money collected thereon, though the teller deposits the money in his own name. [*City N. Bank v. Martin*, S. C. Tex.]

NEGOTIABLE PAPER.—Where one gave his note to his mother-in-law with the understanding that he was to pay interest on it as long as she lived, and at her death it was to be destroyed, she transferred the note when overdue, without consideration, to another person, who had notice of the facts: *Held*, that the assignee of the note could not recover upon it. [*Shufeldt v. Gillelan*, S. C. Ill.]

NEGOTIABLE PAPER—INDORSEMENT.—One who indorses a note that is payable to the order of the maker, and by him indorsed to a third person, is liable to the holder as an original promisor. [*Stevens v. Parsons*, S. J. C. Me.]

PAYMENT—EVIDENCE—RECEIPT.—A receipt is evidence of payment but is not conclusive. [*Kenny v. Kane*, S. C. N. J.]

BILLS AND NOTES—ACCEPTANCE—BILL OF LADING.—Circumstances stated under which a party accepting a draft, to be accompanied by bill of lading of hemp shipped, was held not to be liable on his acceptance because the hemp so said to be shipped proved upon its arrival to be merely matting. [*Bank of Montreal v. Recknagel*, N. Y. Ct. App.]

BILLS AND NOTES—NEGOTIABLE.—A draft in the following words: Mr. L.: Please pay to K. \$500, and charge same to account. P.—accepted by the drawee and indorsed by the payee, is not negotiable, and need not be protested to bind the indorser. [*Kampmann v. Williams*, S. C. Tex.]

CONTRACTS—GAMBLING—FUTURE DELIVERIES.—Owners of corn sold it for future delivery, intending to ship it to cover their contracts, but afterwards, desiring more time, bought in and resold on like contract. *Held*, that the transaction was not illegal. [*Douglas, S. & F. v. Smith*, S. C. Iowa.]

NEGOTIABLE INSTRUMENT—EVIDENCE.—In an action on a promissory note given by H. to B., it was held that evidence of B.'s declaration that the note was not to be paid, but only for money advanced by him to the wife of H., and the note was only given to secure the payment of interest to B., should be excluded. [*Hydi v. Frey*, S. C. Penn.]

NEGOTIABLE INSTRUMENT—LOST NOTE.—An action at law can be maintained upon a note overdue but not destroyed. [*Clark v. Snow*, C. Vt.]

USURY—AGENT.—To constitute a defense of usury upon a promissory note it is not sufficient to show that plaintiff's agent exacted usurious interest, without showing that plaintiff was aware of it and sanctioned it. [*Stillman v. Northrup*, N. Y. Ct. App.]

PAYMENT—AGENCY.—The fact that money is deposited by the debtor with the agent of the creditor, does not of itself constitute a payment to that amount; there must be some further act indicating the intention that the money shall be applied to the payment of the debt. [*Cavanaugh v. Buchler*, S. C. Penn.]

BILLS AND NOTES—CONSTRUCTION—PAROL EVIDENCE.—A note reading, we promise to pay, and signed Peninsular Cigar Co., Geo. Moebs, Sec. & Treas., and indorsed Geo. Moebs, Sec. & Treas., is unambiguous and in terms the note and indorsement of the company, and parol evidence is not admissible to show that the indorsement was intended to be that of Moebs personally. [*Falk v. Moebs*, U. S. S. C.]

BOOKKEEPERS AND ACCOUNTANTS.

The steadily increasing supply of clerks claiming to be able to perform the duties of bookkeepers and accountants, is one of the most unsatisfactory features of the trained labor market. The country has now a surplus of commercial clerks, a fact painfully evidenced by the eager rush of applicants whenever a vacancy occurs in any mercantile house. Every merchant will bear testimony to the resulting reduction of the average of wages paid, and yet it is only necessary to put in the most uncompromising advertisement to secure hundreds of answers from men who are desirous "to improve their position." It is more than doubtful whether the average price paid for bookkeepers in this city can be placed at higher than ten dollars, notwithstanding that many of these employed in the offices of our merchant princes receive far more than that amount. We have, in this city, a few bookkeepers who receive \$5,000 per annum, but on the other hand we have hundreds whose pay does not exceed six to eight dollars per week. An advertisement for an experienced bookkeeper willing to take charge of a set of books for ten dollars per week, would bring hundreds of applications from hungry and anxious men who would jump at the chance of such a salary.

Over-supply is, of course, the cause of this discouraging position of affairs; and this over-supply is due to two causes—the Business Colleges and the competition of women. The commercial college now turns out bookkeepers by the gross (although we may add, not always of the best quality), and it is to this rush of semi-competent young men, with exaggerated ideas of their own capability, that the present depreciation of the value of bookkeepers is due. They receive theoretical instruction at college, only to find, when they do secure a situation, that they are incapable of putting it in practical form. Every large house of business may be said to have its own particular methods of keeping its accounts, and consequently the unfortunate student often finds he has simply to forget everything he has learned, and that his chances of remaining in his position are dependent upon the speed with which he can adapt himself to the new conditions.

The growing competition of women is another point that tells heavily against the chances of the male bookkeeper. With girl stenographers and typewriters came the girl bookkeeper, and she has evidently come to stay. We could point out many firms in this city whose bookkeepers are women, and the experience of employers teaches that, while girls are not adapted to keep the books of large and complicated concerns, they are fully capable of filling that position in smaller houses, and of acting as useful and competent assistants in the larger ones. It is evident that, year by year, the proportion of girls compelled to earn their own livings is increasing, and that under modern educational advantages, they are able to hold their own with the sterner sex. The competition of women is by no means the least evil the bookkeeper has to contend with, and their competition is becoming keener and more intelligent every day as the prejudice against girl clerks fades away and their greater cheapness is considered.

In old days, the bookkeeper was one of the most important factors in the conduct of large business operations. Moneyed men were then largely self-made, often with only a limited education to begin with.

Such men were either ignorant of the science of accounts, or knew only just sufficient to comprehend a balance sheet. Consequently the salaries then cheerfully paid to men of proved skill in this branch were large, and they frequently attained to shares in the business on no other capital than their brains. Now, all this is changed, and we see the average bookkeeper toiling on at his old salary and growing poorer as his family increases, often only too thankful if losses do not reduce his salary or compel him to seek another situation. We do not say that prizes do not exist, but they are few and far between, and the attainment of them is limited to a fortunate few. As a general rule, book-keeping is one of the least advantageous trades a boy can be brought up to, and if parents would recognize this fact they would save their sons much unmerited poverty. The supply is far ahead of the demand, and until these factors more nearly approach each other the salary of the bookkeeper must remain low and the position be filled by persons who have fewer incumbrances than the ordinary householder.—*Canadian Journal of Commerce*.

SOME MONEY-MAKERS.

At a casual view banking seems the most prosaic of callings. The very word bank gives an idea of substance and solidity as far removed from the domain of poetry and romance as it is possible to imagine. Day-books and ledgers appear to have little in common with romancers' fables or the poet's frenzied eye; and yet if records, as they are found scattered in various books, in lawsuits, in legislative proceedings, and in the byways of history, are to be believed, intrigue, adventure, ambition, rascality, madness and love appear as conspicuous as in those other fields of human action—war, politics and law. In fact, the banker and the banker's daughter are rather favorite characters with the novelists and dramatists. Lord Beaconsfield has given us his ideal banker in the character of "Sidmias," man of thought as well as man of action, who expresses himself in sententious epigrams and possesses almost all the accomplishments. Thackeray has given us a different ideal in "Barnes Newcome" and his father, while other novelists portrayed the character in all the varied tints their imagination could suggest. And yet it is doubtful if the stories of fiction can at all equal those of veritable history. Think of Nathan Meyer Rothschild, the founder of that great banking house which now dominates Europe, watching the battle of Waterloo from the English headquarters, not then with reference to the passions and principles that entered into the contest, nor its effects upon the destinies of Europe, but simply as to what its effect would be upon English consols! He did not care for the ideas involved in that desperate struggle, but he had an immense interest in it considered as a stock speculation. At sunset on that long June day he saw the victory was surely with the allies.

Mounting a swift horse that stood in readiness for him, with relays provided at several points, he galloped to the seacoast, which he reached at daybreak. The sea was rough and the boatmen refused to venture across to Dover until the wind would go down. But every moment was worth a fortune to him, and finally, by a bribe of a heavy sum, he induced one fisherman to make the hazardous attempt, risking his own life for money, as thousands had risked theirs the day before on

the battle-field. Before midnight he had crossed the stormy sea, and the next day he appeared on the Stock Exchange. In gloomy whispers and in deep dejection he told of Blucher's defeat at Lingy, and that Wellington by himself could not succeed against Napoleon, and that the cause of England and the allies was lost. The funds fell, as they were meant to fall. Every one was anxious to sell, while Rothschild himself utterly refused to buy. But an army of brokers were quietly and slyly buying for him all they could get. When the authentic news came of the result of the battle the funds at once rose higher than they had ever been before, and Rothschild made over £1,000,000 by the transaction. He had been far-sighted and enterprising beyond all his contemporaries, and had risked his life in the adventure. With the morality of the action we are not now concerned, but the romantic side is very striking. That old Hebrew banker haggling and pleading with the rude Flemish fisherman on the stormy sea-coast is a figure picturesque enough for a story with a motive much higher than money.

The battles of banks with their depositors and stockholders make many an interesting story, sometimes with its comic and sometimes with its tragic side. There are few banks that have not at one time or another to encounter fierce storms. Some have safely weathered the gale, some have gone down with all on board. Few citizens of Chicago at that time will forget the feeling of intense anxiety that prevailed after the great fire as to the course the banks would pursue, and the feeling of infinite relief when the announcement was made that there would be no suspensions. So in the panic of 1873 the judicious course of the Chicago bankers averted a great disaster, but in time some of the banks were obliged to succumb.

But if we would know something of the grotesque side of banking we must go back to the days of "wild-cat," "red-hog," "blue-pup" and "stump-tail" currency—names with a very definable meaning before the war, but which must now have quite an unfamiliar sound to the younger generation of business men. The name "wild-cat" originated with a Michigan bank, whose notes carried the figure of an animal of that species. The name "red-hog" was given to New York bank notes, because they had a red stamp on the back. "Blue-pup" notes were from Michigan, and had a blue stamp on the back, while the "stump-tail" was a term applied to all notes of shady or doubtful character. The latter term came in vogue in 1858, at the time Frank Leslie's newspapers were exposing the swill-milk frauds in New York, the milk being the product of stump-tail cows.

All this varied currency was issued by persons of various degrees of irresponsibility, who were shrewd enough to get a charter from a State Legislature. The recent death of Alexander Mitchell has brought to the surface numerous anecdotes of his early banking career. His earliest friend and associate was George Smith, the first banker of Chicago. He was a Scotchman, and in 1839 obtained a charter from the Territorial Legislature of Wisconsin for the Wisconsin Marine and Fire Insurance Company, which was authorized to receive deposits and issue certificates therefor to the amount of \$1,500,000. Under this charter Smith issued certificates or notes, which soon passed very freely as currency, and, in fact, afforded a superior currency to what was then afloat in the community. Many a run was made on him, both in Chicago and Milwaukee, but he always was prepared to meet it. In 1853 a bank war broke out in Chicago between what were called the regular banks—that is, banks organized under the banking laws of the State—and irregular ones, like Smith's, that were not banks at all in any proper sense, and

had no right to issue notes. Runs on each other were made, and the managers of the irregulars—men like Smith, L. D. Boone and J. R. Valentine—were indicted by the Grand Jury, but after some months of futile efforts to break each other the war ceased, nothing was done under the indictments, and financial matters limped along much as before. The great point in banking in those days was to circulate the notes of issue as far away from their base as possible, so that they would have to travel a long way for redemption. Smith owned several Georgia banks, the notes of which passed very current in Chicago for a considerable period, but the reason was that George Smith's name was as good as gold.

The most powerful banker the United States has ever known was Nicholas Biddle, president of the Second Bank of the United States. He was a native and citizen of Philadelphia, where the bank was established, and statesmen, politicians, judges, lawyers and all sorts and conditions of men thronged his bank parlor, sought his favor and basked in his smile. At his splendid residence in the city, and his still more princely mansion on the Delaware, he dispensed an elegant hospitality with a grace and courtliness that have been seldom surpassed. His word elected congressmen and legislators, and commanded their votes. Nor was he a tyrannical master or at all desirous of involving the bank or its dependents in the political whirlpool. But the time came when the bank was obliged to come to death grips with Old Hickory, and then Biddle put forth all his strength and tried all his resources. That memorable contest is historic and need not be repeated here. Jackson triumphed and Biddle went to the wall. That was in 1832. In 1839 he failed, and in the crash his private fortune was swept away. Then those who sought him in his day of power turned on him to rend him. His name became a by-word in his native city, and, though he had done no dishonest act, he was treated with scorn. In 1844 he died of a broken heart.

There have been bankers who have become famous in other walks while pursuing the daily round of banking life. Sir John Lubbock, the eminent English scientist, is one. George Grote is better known as a Greek scholar and historian than as a banker, but banking was the business of his life, while Greek literature and history were only his pastime. Samuel Rogers is remembered chiefly as a poet, though he was for the greater part of his long life an opulent and successful banker. When the news came to Lord Chief-Justice Ellenborough that a young banker named Rogers had just published a poem on "The Pleasures of Memory," he exclaimed: "If old Gozzy"—alluding to the head of a firm with which he was banking—"ever so much as says a good thing, let alone writing, I will close my account with him the next morning!"

The most famous of English bankers are the Barings, to whom a sort of American interest attaches because one of the greatest of the houses, Alexander Baring, married the celebrated Philadelphia heiress and beauty, Anne Louise Bingham. She was one of the first of American peeresses, Mr. Baring becoming Lord Ashburton in 1835. It was with him, while he was Minister from England, that Daniel Webster, then Secretary of State, negotiated the treaty settling the North-eastern boundary. The details of the treaty were arranged between these old-fashioned diplomats while they were off on a fishing excursion together. The founder of the banking house was Sir Francis Baring, who died in 1880, leaving a fortune of £2,000,000 to his three sons—Thomas, Alexander and Henry. Thomas, succeeding to the baronetcy, gave up the business. Henry, the youngest brother, had rather a romantic reputa-

tion as a lucky gambler, who was frequently able to break the bank of a gambling-house. He was the amazement of beholders when he would sit down at a gambling-table with piles of gold and notes before him, and continue to play until the bank was compelled to stop. But the reputation of a successful gambler was hardly suited to the membership of a great banking house, and Mr. Henry Alexander was induced to retire from the firm. Alexander Baring, often called "Alexander the Great," continued the business and extended the fortunes of the house. He it was that advanced the money after Waterloo that freed France from the occupation of the allied armies. "There are six great powers in Europe," said a statesman at that time, "England, France, Russia, Austria, Prussia and the Barings." While not as wealthy or powerful as the Rothschilds, they have frequently been its successful rival in great financial operations.

One of the wealthiest bankers in London is the Baroness Burdett-Coutts, the head of the famous house of Coutts & Co. The Baroness surprised the world in 1881 by marrying a gentleman young enough to have been her son. She was then sixty-seven years of age and he was twenty-five. She was the granddaughter of Thomas Coutts, who founded the banking house in the last century. His daughter by his first wife married Sir Francis Burdett and became the mother of the present Baroness.

Old Coutts, for his second wife, married Harriet Mellon, a famous Irish actress and beauty, and when he died left the banking house and all his fortune to her. The second Mrs. Coutts, left a widow, married the Duke of St. Albans, but in her marriage settlement retained her vast fortune in her own power. She thought she would best carry out the wishes of her first husband, who had made the money, by bequeathing it to the daughter of Sir Francis Burdett, and this she did. Miss Burdett assumed the additional surname of Coutts in 1837, and in 1871 was raised to the peerage in her own right.

One of the most famous bankers of London near the close of the last century was Peter Thelluson, a Frenchman, who had been at one time a partner of Neckar, the great French Minister of Finance. It was Thelluson's Bank Dickens had in mind when he described the Telfson Bank in his "Tale of Two Cities."

During the French Revolution Thelluson's Bank did an immense business with the French refugees, and great fortunes were placed for safety in his charge. He died about 1796, leaving a will which has become memorable in legal proceedings. After leaving modest fortunes to his wife and children, he directed his property to be held in trust and allowed to accumulate until the third generation of his descendants. Failing in such descendants, the money was to go to pay off the national debt.

If it had been allowed operation and there had been such a descendant he would have been the richest person ever known in the world. But fortunately there are lawyers and there is a Court of Chancery. Mr. Thelluson's will found its way into the Court of Chancery some eighty years ago, and since that time the annual income has been pretty evenly divided among the lawyers. At all events, the wonderful fortune never materialized. In consequence of this will an act of Parliament was passed forbidding in the future the tying-up of estates in that manner.

Thus it may be seen that even staid banking and unsentimental money abound on every side with the deepest human interests, and exhibit as much of historical importance as they chronicle of any other phase of this varied life.—*Chicago Tribune*.

HINTS ABOUT BANK ACCOUNTS.

1. If you wish to open an account with a bank, provide yourself with a proper introduction. Well-managed banks do not open accounts with strangers.

2. Do not draw a check unless you have the money in bank or in your possession to deposit. Don't test the courage or generosity of your bank by presenting, or allowing to be presented, your check for a larger sum than your balance.

3. Do not draw a check and send it to a person out of the city, expecting to make it good before it can possibly get back. Sometimes telegraphic advice is asked about such checks.

4. Do not exchange checks with anybody. This is soon discovered by your bank; it does your friend no good and discredits you.

5. Do not give your check to a friend with the condition that he is not to use it until a certain time. He is sure to betray you, for obvious reasons. Do not take an out-of-town check from a neighbor, pass it through your bank without charge and give him your check for it. You are sure to get caught.

6. Do not give your check to a stranger. This is an open door for fraud, and if your bank loses through you it will not feel kindly to you.

7. When you send your checks out of the city to pay bills, write the name and residence of your payee, thus: Pay to Jno. Smith & Co., of Boston. This will put your bank on its guard if presented at the counter.

8. Don't commit the folly of supposing that, because you trust the bank with your money, the bank ought to trust you by paying your overdrafts.

9. Don't suppose you can behave badly in one bank and stand well with the others. You forget there is a clearing house.

10. Don't quarrel with your bank. If you are not treated well go somewhere else, but don't go and leave your discount line unprotected. Don't think it is unreasonable if your bank declines to discount an accommodation note. Have a clear definition of an accommodation note: in the meaning of a bank it is a note for which no value has passed from the indorser to the drawer.

11. If you want an accommodation note discounted tell your bank frankly that it is not, in their definition, a business note. If you take a note from a debtor with an agreement, verbal or written, that it is to be renewed in whole or part, and if you get that note discounted and then ask to have a new one discounted to take up the old one, tell your bank all about it.

12. Don't commit the folly of saying that you will guarantee the payment of a note which you have already indorsed.

13. Give your bank credit for being intelligent generally and understanding its own business particularly. It is much better informed, probably, than you suppose.

14. Don't try to convince your bank that the paper or security which has already been declined is better than the bank supposes. This is only chaff.

15. Don't quarrel with a teller because he does not pay you in money exactly as you wish. As a rule he does the best he can.

16. In all your intercourse with bank officers treat them with the same courtesy and candor that you would expect and desire if the situations were reversed.

17. Don't send ignorant and stupid messengers to bank to transact your business.—*Public Ledger, Philadelphia.*

ECONOMIC NOTES.

THE "COTTON-SEED ROMANCE."

"Was there ever," says the *Atlanta Constitution*, "a history, this side of Cinderella, of the uprising of humanity, like that of the cotton-seed? For seventy years despised as a nuisance, and burned or dumped as garbage; then discovered to be the very food for which the soil was hungering, and reluctantly admitted to the rank of ugly utilities. Shortly afterward found to be nutritious food for beast as well as soil, and thereupon treated with something like respect. Once admitted to the circle of farm husbandries, found to hold thirty-five gallons of pure oil to the ton, worth, in its crude state, fourteen dollars to the ton, or forty million dollars for the whole crop of seed. But then a system was devised for refining this oil up to a value of one dollar a gallon, and the frugal Italians placed a cask of it at the root of every olive tree, and then defied the Borean breath of the Alps. And then experience showed that the ton of cotton-seed was a better fertilizer and a better stock when robbed of its thirty-five gallons of oil than before. And that the hulls of the seed made the best of fuel for feeding the oil-mill engine. And that the ashes of the hulls scooped from the engine's drift had the highest commercial value as potash. And that the "refuse" of the whole made the best and purest soap stock to carry to the toilet the perfumes of Lubin or Colgate. About this time we began to spell cotton-seed with capital letters. And how it traveled in its various dresses! As meal cakes it whitened the meadows of England with woolly fleeces, and fattened the British cattle under the oaks; it sputtered on the stoves of the Dutch in lieu of lard; it glistened in the cafés of Paris as olive oils, under seals and signatures it could not even pronounce to save its life, and from under the dikes in Holland it went forth to parade in all the bravery of butter and butterine. In our own country it renewed the wasting strength of Southern fields, and clad them with whiteness that would shame the fleeces of England, or yellow that would pale the fleeces of Argonauts. It knocked the Western hog into spots, and poured the western lard out of the frying pan into the fire. And about this time Congress jumped onto cotton-seed with both feet, and proposed to check its further career by a prohibitory tax.

THE DECADENCE OF THE CHINA TEA TRADE.

The Chamber of Commerce of Foochow, one of the three principal centers of the export tea trade of China, has responded to the appeal of the Chinese government, through Sir Robert Hart, to suggest remedies for the serious decline in the China tea trade. The substance of the letter in which this appeal was made was published in the *Times* of November 14. The Foochow Chamber points out that the vital consideration is the duty. Heavily taxed China tea cannot compete with the duty-free tea of India, and if the taxation is not remitted, the tea

trade of China is within a measurable distance of extinction. The crop of Indian tea in 1890 will be laid down in London at a cost of per lb., or under, while the average cost of the Foochow Congou year was 9d. per lb., laid down in London for teas inferior to those of Indian growth. "It is too late to recover the ground lost, but tin and vigorous measures may possibly enable China to retain a good share in this important trade." Other causes have contributed to the decline of the China tea trade. Among these the Foochow Chamber nations negligent cultivation, imperfect firing, excessive admixture of stems and stalks, and fraudulent practices on the part of the native tea growers. Formerly it was the practice among tea growers to trench the ground in the plantations, manure the plants, and prune them at least once a year, while every year some were replaced by new shrubs. Now, however, no trenching, manuring or pruning is done, no new stock is planted, the worn-out trees are so stripped that four and even five crops are taken instead of three, and the last crops are torn off with shears or bill hooks. "No wonder the teas show deterioration. No wonder the Indian leaf is preferred to such a product." Owing to want of sap in the leaf, the teas are so lightly fired that they commence to deteriorate within three or four months of packing. The dust and stalks have lost the Continental markets and those of Australia and Canada to the Foochow teas, and caused the latter to be replaced by tea from Ceylon.—*London Times*

POPE LEO'S INCOME.

A foreign diplomatist accredited to Rome gives the following account of the Pope's revenue, and of the way in which it is spent. It is derived from three sources: 1. The interest of an enormous sum left by Pope Nono to the pontifical treasury, and invested in the English public funds. The interest amounts to about three millions of lire, or about £125,000. Leo XIII. is a great speculator, and subscribes to the Italian loans in order to sell when the value rises and invest the profits in the English consolidated fund. 2. The proceeds of Peter's Pence. This branch of the revenue has suffered greatly in recent years, but, nevertheless, the average amounts to about two millions of lire, or about £83,000. These two sums, which represent £208,000 per annum, constitute the ordinary income of His Holiness. It is distributed by the chamberlain among the cardinals residing in Rome—about £1,050 per annum for each cardinal—among the prelates at the papal court, secretaries, the nuncios, the guard of the Pontiff's body, etc. 3. The extraordinary part of the papal revenue is derived from the receipts of the apostolic chancery. The items include the sums received for titles of nobility, papal decorations, benedictions in the article of death, privileges of the altar, private chapels, dispensations, ecclesiastical titles, and many other things. This department yields about two and a half millions of lire, or £104,000 per annum. The whole annual income of Leo XIII., therefore, reaches the enormous sum of about £300,000.—*London Queen*.

CRUDE OIL AS FUEL FOR MANUFACTURERS.

The Chicago *Tribune*, in commenting on the completion of the Crude Air Pipe line from Lima, Ohio, to that city, says, in regard to the revolution in manufacturing in that city by the use of oil, as follows: "The pipe line extends from Lima, Ohio, to a point on the lake shore

about a mile south of Calumet harbor—a distance of 206 miles. The laying of the pipe was begun April 1. It is of wrought iron, eight inches inside diameter, and was constructed to stand a pressure of 1,000 pounds to the square inch. At Lima there are a number of immense iron tanks holding 35,000 barrels each, into which the oil flows directly from the wells. There will be five receiving tanks at South Chicago of the same capacity—a storage capacity of 175,000 barrels. Two are now completed and the others will be finished inside of thirty days. Though Lima is 300 feet higher than South Chicago, gravitation will not bring the oil here, because of a high sandhill at Laketon, Ind. One immense pump at Lima is now at work forcing oil through the pipe at the rate of 8,000 barrels a day. Another pump of about half the capacity will be set in operation at Laketon this fall, and provision has been made for two more along the route as they become necessary. Crude petroleum as a fuel is in extensive use in many cities. It has been tried successfully here, the only objection to its use being the fact that consumers were dependent upon the railroads for their supply. Its presence here “on tap” is expected to do great things for the manufacturing interests. South Chicago will be especially benefited, as its manufacturers can connect their furnaces with the receiving tanks by pipe. Possibly in the future the oil will be piped all over the city. At present, however, tank cars will be used to supply the demand. The cars will be filled at the tanks at South Chicago, run on to the Belt Line, and delivered to all parts of the city.

THE FRUIT GARDENS OF THE SAHARA.

“Man marks the earth with ruin,” inveighed the choleric and misanthropic Byron, but the following from the *Pall Mall Gazette* holds up a remarkable instance in which important physical improvement has even been made as the following of even a war of conquest. What a waste the great desert of Northern Africa was is well described to the readers of “Riley’s Narrative” and the students of the geographies current fifty years ago. But the invasion by the French, beginning thirty or more years ago, has not only led to great improvement in Algiers, but also in the Southern provinces. The combination of sun and water as recuperative powers has produced marvels in the way of vegetation. The *Gazette* says: “The Lower Sahara is an immense basin of artesian waters, and at times there is a superabundance; but the number of cultivated tracts is increasing very rapidly, there being no fewer than forty-three oases in the Oued-Rir, which, after a period of thirty years, has 13,000 inhabitants, 520 palm trees in full bearing—that is, which have been planted more than seven years—120,000 trees between one and seven years old, and 100,000 fruit trees, while the value of the dates grown each year averages £100,000. The oases of Laghouat and Oued-Mizi and those of Yeryville and Ain-Sana have 100,000 palm trees and those of Figuig 140,000, while Mزاب, with its 30,000 inhabitants, nearly all shepherds or merchants, cultivates 200,000. Zab, together with the Sahara slope of the Aueés, has fifty oases, which grow 900,000 palm trees and 500,000 fruit trees. Sout, with a population of 15,000, has 150,000 palm trees of the choicest kind and over 50,000 fruit trees. Lastly, the various oases of Ouargla have over 400,000 palm trees and 100,000 fruit trees. All these results, to say nothing of the trade in wool, the cultivation of tobacco, vegetables, corn, the vine, and other things grown beneath the shelter of the palm trees, and of the raising of ostriches which, it is considered, might be made as profitable as it is at the Cape

have been arrived at partly by the natives and partly by the French, though the latter have not begun to colonize Sahara until within the last ten years. They began by buying oases and gardens in the Zab and the Oued-Rir, and after that they set to work to form fresh oases in the region of Bishra, and especially in the Oued-Rir."

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:		Sept. 4.	Sept. 10.	Sept. 17.	Sept.
Discounts		5½ @ 6½ ..	5½ @ 6½ ..	6 @ 7½ ..	6 @
Call Loans		4 @ 2 ..	2½ @ 2 ..	4 @ 1½ ..	2 @
Treasury balances, coin.....		\$158,659,477	\$158,422,844	\$158,071,017	\$157,835,000
Do. do. currency.....		20,494,211	20,239,125	19,922,685	19,270,000

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits	Circulation.	Surp.
Sept. 8..	\$392,741,700	\$78,862,400	\$34,826,700	\$407,371,900	\$7,853,000	\$11,845,000
" 15..	391,839,500	79,773,300	34,547,400	407,588,500	7,895,500	12,421,000
" 22..	391,397,300	80,599,700	32,921,300	406,309,100	7,930,300	11,943,000
" 29..	390,707,300	85,326,400	31,609,500	408,714,900	6,839,000	14,757,000

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Sept. 1.....	\$148,016,900	\$ 9,921,400	\$3,185,200	\$114,860,500	\$5,760,000
" 8.....	147,897,300	9,875,400	2,859,700	115,903,000	5,758,000
" 15.....	147,472,900	10,465,600	3,013,100	116,902,800	5,748,000
" 22.....	147,472,700	10,945,600	3,434,200	118,764,400	5,744,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans	Reserves	Deposits.	Circulation.
Sept. 8.....	\$96,176,000	\$28,019,500	\$96,825,500	\$2,700,000
" 15.....	96,796,000	27,319,000	97,442,000	2,700,000
" 22.....	96,560,000	26,139,000	96,018,000	2,700,000
" 29.....	96,966,000	25,843,720	96,683,000	2,700,000

DEATHS.

COOK.—On September 3, aged seventy-one years, STEPHEN COOK, President of First National Bank, Provincetown, Mass.

EMERY.—On September 10, aged seventy-nine years, WILLIAM P. EMERY, Vice-President of Hunterdon County National Bank, Flemington, N. J.

GREENE.—On September 20, aged ninety-one years, JOSEPH W. GREENE, President of South Brooklyn Savings Institution, Brooklyn, N. Y.

HITCHCOCK.—On August 27, aged eighty-two years, P. C. HITCHCOCK, President of First National Bank, Fort Edward, N. Y.

ROBBINS.—On September 5, aged eighty-four years, NATHAN ROBBINS, President of Faneuil Hall National Bank, Boston, Mass.

SMITH.—On September 19, aged eighty-three years, DAVID SMITH, President of Provident Institution for Savings, Jersey City, N. J.

TORREY.—On September 3, aged eighty-seven years, EBENEZER TORREY, President of Fitchburg National Bank, Fitchburg, Mass.

VOORHEES.—On September 2, aged eighty-two years, JOHN L. VOORHEES, President of Farmers National Bank, Amsterdam, N. Y.

BANKING AND FINANCIAL ITEMS.

CHELSEA, MASS.—The important movement of the directors and officers of the First National Bank, in constructing a new building for their banking business, is a matter of sufficient importance to give some account of this flourishing institution. The first meeting of the stockholders of the First National Bank, which was then under the name of the Tradesman's Bank, met on May 13, 1850, in compliance with the public statutes of the commonwealth. The act of incorporation, approved by Gov. George N. Briggs, which allowed a capital stock of \$100,000, was read and accepted. The first annual meeting was held Oct. 7, 1850, and the old board of directors re-elected. At a special meeting held in January, 1851, the directors were requested to petition the Legislature for an increase of capital stock and on June 6 of the same year, they accepted an act authorizing the increase of \$50,000. On Nov. 4, 1864, the capital stock was increased to \$300,000, and upon that they have paid a dividend every six months. Jan. 10, 1865, the following gentlemen were elected as the first board of directors of the First National Bank: Isaac Stebbins, Henry Slade, Rufus Trussell, Nathaniel W. Turner, Zenas Snow, John R. Dufur, Noble M. Perkins. Isaac Stebbins was chosen president and William R. Pearmain, cashier. For the past two years the bank corporation has been considering the necessity of better accommodations, and it was voted to procure land and erect thereon a suitable building, which will be ready for occupancy next spring. This is now in process of construction, at the corner of Broadway and Everett avenue. Its location is most convenient for the business center of the city, and at the same time it is convenient for the neighboring towns. Horse cars pass the building and center there from all directions. Especially will it enable the growing and prosperous town of Everett, whose population will find it convenient, to do business here. The building, when completed, will cost, including the land, over \$70,000, and will be the most substantial and ornamental structure ever constructed in Chelsea.

TOPEKA, KANSAS.—The *Kansas Financier* is the name of a new semi-monthly journal of eight pages, published in Topeka. In the "Salutatory," it is said that "The *Kansas Financier* will be an index to the development and progress of this young and growing State. Its columns will contain statistics and valuable information relating to her financial interests, and such other data as will be of value to the bankers and investors of Kansas who wish to keep posted on the questions affecting the commercial interests of Kansas, or to eastern capitalists who desire to familiarize themselves with the advantages offered here to investors and speculators."

CHARLES CURTISS, at the time of his death, was President of the Dry Dock Savings Bank, and had been engaged in active business in New York for sixty-four years. He was born January 27th, 1807, in Huntington, Conn. At the age of seventeen he came to New York and entered the employ of Hawley & Co., grocers, and soon started in a small way for himself in the same business. He continued in the grocery business for twenty years and then gave it up for more enlarged business pursuits. In 1849 he became interested in the City Line of stages, and was one of the first interested in the establishing of horse-car lines. He was president of the Forty-second and Grand Street Ferry line and a director in the Dry Dock line. In 1849, too, Mr. Curtiss brought to the Dry Dock Savings Bank the advantages of his good sense and business ability. From that year to 1879 he was one of the bank's directors, and then was chosen president. He was a man of religious principles, and was for many years a member of the Memorial Presbyterian Church on Madison avenue. For the last twenty years he was trustee of this church.

WORCESTER.—Charles B. Whiting & Co., bankers and brokers, have closed their doors. They have been for several years the popular house, through which operators in the stock and grain markets have done their business. The number

of mourners is many, but they are very shy about giving any information concerning the firm's methods of doing business. It has been known for several years among the banking and moneyed men of the city that the firm had no capital. Bradstreet rating them "No credit and no capital." Still, they have done a large, and, to all outside appearances, a prosperous business.

NEW YORK CITY.—The exhibition of the double-headed \$10 and \$20 bill (\$10 on one side and \$20 on the other) by Manager Charles S. Upton, of the Rochester Lamp Company, of 25 Warren street, if it has done nothing else, has created a craze for currency freaks. Last week a Chicago man called on Mr. Upton and offered him \$5,000 for the bill, and yesterday John R. Peckover, of Jersey City, sent Mr. Upton a \$1 bill he had received in change, the back of which was printed upside down. The bill has been put in Mr. Upton's case beside the \$20-\$10 bill. Mr. Upton has also received numerous letters in regard to the bill. Among them are two letters, one from a gentleman at the Sinclair House in this city, who says he has carried a bill exactly like the \$20-\$10 bill for twelve years as a curiosity, and another from a gentleman at Seneca Falls, saying he has a similar bill. Detective Brooks, of the Treasury Department, seems considerably worked up over the phenomenon, but still asserts his belief that it is not genuine. He invited Mr. Upton, in order to discover if it was pasted, soaked or steamed, to leave the bill at the office of the American Plate Company, where it was made. Mr. Upton declined, but said he would let it be soaked at his store, where he had invited a number of newspaper men yesterday. Mr. Brooks failed to appear there, and the test was not made.—*Philadelphia Press*.

MEXICO.—A financial event of importance in that country has been the formal signing of the contract whereby the charter of the Mexican Mortgage Bank, with important modifications largely extending its field of operations, passes into the control of a new organization, to be known as the "International and Mortgage Bank of Mexico." More than a year ago, negotiations for the acquirement of this charter by a New York syndicate were opened here by Mr. M. L. Guiraud, but this syndicate finally dissolved, and Mr. Guiraud undertook the formation of a second one, which has, at last, been successful. Important members of this syndicate are the banking firm of H. B. Hollins & Co., bankers, of New York, and Robert Colgate, Esq., of the same city, a gentleman of large wealth and influential business connections. Hollins & Co. have been represented here by Mr. H. B. de Thysebaert, and Mr. Colgate by Mr. Guiraud. The value of the charter of the Mortgage Bank consisted in its antedating that of the National Bank, and in being based on the celebrated Credit Foncier of France, an institution which has been the model of many useful and solid concerns in different parts of the world.—*Mexican Financier*.

MEXICO.—Two propositions regarding the Monte de Piedad bank are before the Government, one being to turn over the institution, with all its valuable franchises, to a company with \$500,000 capital; and the other to strengthen the bank by accepting a loan of \$500,000 from the National Bank of Mexico on 15 years time and at 6 per cent. annual interest, the same to be paid semi-annually. The Monte de Piedad will repay this loan in semi-annual payments of \$25,500, or \$51,000 per annum, this sum covering the interest and the liquidation of principal as well. The loan is to be guaranteed by the real estate and assets of the Monte de Piedad, and the latter is to retire and liquidate immediately the bills it may have in circulation, and shall, during the life of the contract, receive in payment only current money, gold, or silver, or bills of the National Bank of Mexico, but the latter bills are not to be made of compulsory admission by the Monte de Piedad.—*Mexican Financier*.

AMERICAN DEFAULTERS.—The evidence adduced in the Pitcher case, which is a prosecution of the defaulting teller of the Union Bank of Providence, R. I., for bringing stolen money into Canada, the value of the stolen property being about \$700,000, goes to prove that the accused offered to compromise for \$150,000. This was after his arrest, when he was visited by the officials of the Union Bank. We refer to this fact, therefore, in order to point out the temptation to compromise which the situation offers, several instances of which have recently been exposed in these columns. Now that our friends across the line are discussing the question o

retaliation we would suggest that they also take up the question of extradition. Here they will find a fruitful field for cultivation. The delays and expenses to which Americans are subjected by having to come to Canada in cases such as this would be avoided, and the fugitive would be returned to the scene of his exploits to take his trial there. The number of absconding defaulters from American soil is on the increase. The amounts stolen are large, very large. Owing to the absence of an enlarged extradition treaty, American citizens suffer great wrongs, and this at the hands of the United States Senate, which delays the adoption of such a treaty. The paltry contribution which Canada furnishes to the defaulters' paradise fades into complete insignificance compared with that which the United States furnishes to Canada, and therefore, to deprive this country of such a large contribution from the wealth of the United States would be a retaliation which would be hailed with satisfaction. If the gentlemen of the United States Senate would retaliate in this manner we would thank them for considering something which would, in the language of President Cleveland, not only jealously protect and maintain the rights of American citizens at home and abroad, but would tend to achieve for their country her proper place among the nations of the earth.—*Montreal Shareholder*.

CINCINNATI.—Judge Sage, of the United States Court, has decided in the case of the Farmers' and Mechanics' Bank of Fairmount, Ind., which had deposited a note for \$10,000 in the Fidelity National Bank and been given credit for \$10,000, and had drawn against it to the sum of about \$1,000 before the Fidelity passed into the receiver's hands, that it cannot now take its note from the receiver by paying the sum checked out, but must pay the note, and take its place among the creditors and get whatever dividend may be declared.

COUNTERFEIT MONEY.—The public are again warned by the secret service bureau of the circulation of counterfeit standard silver dollars, which it appears has just been commenced. From an investigation which has been made, it appears that the new class of counterfeits is being put into circulation, not by Italians, but by English-speaking men. Reports of counterfeit silver quarters have also been received.

NEW YORK CITY.—During the past few months a number of new financial institutions have been organized in the city of New York, to meet the wants and requirements of the various localities in which they are to be established. Growing out of a long-felt need, another financial institution was yesterday added to the list, and which gives at its birth every promise of a successful career—a banking institution, organized by business men, to meet the requirements of business men, in a territory which may be known as the Middle Broadway District. The facilities for banking have not kept pace with the rapid growth and importance of this part of the city, and to meet such want the Empire State Bank has been organized. The capital stock was \$250,000, which has been increased by the addition of a \$50,000 surplus. James W. Conrow was the only nominee for president and was unanimously elected. For vice-president, Leon Mandel, of Mandel Bros., of Chicago and New York, was also unanimously elected. The cashier of the new institution will be Chas. H. Roberts, who has had many years of practical experience in banks of this city. An election for directors resulted in the choice of the following well-known merchants: Alex. D. Napier, A. Steinam, Henry W. Curtiss, Jacob Loewentine, Wm. B. Thom, John H. Coon, Chas. H. Roberts, Hy. Newman, Eugene V. Connett, C. T. Wagner, Granville F. Dailey, and the following named gentlemen were elected inspectors of election: Thomas G. Collins, L. Tanenbaum and C. F. Homer. Banking men regard the institution as certain of success, believing the locality one of the most advantageous in the city for banking business. It is stated that the bank will be ready for business early in November, and that it will be located between Houston and Bleecker streets, on Broadway.

NEW YORK—ALTERATION OF CHECKS.—A forger whose operations have been very extensive, reaching, it is said, the sum of \$30,000, has been arraigned for altering checks. He is Meyer Goldstein, twenty-six years old, who was employed as a clerk by Morris Greenbaum, auctioneer, at No. 353 Canal street. The affidavit which was placed before Justice White alleges that Goldstein on the 9th day of May presented a check drawn on the Importers and Traders' Bank, payable to Marshall

& Briggs, for the sum of \$637.28, to Greenbaum for his signature. The latter supposing it was for some goods which Goldstein represented had been purchased for the firm, and for which he exhibited the invoice, signed the check and gave it to Goldstein, who altered the names of the payees to "Myershall B. Boeiggson" on the check, and forged the indorsement. He then presented it to the bank and received the money. Another check for \$13,675, on the same bank, was also forged and cashed at the same bank. Goldstein has made a confession, which the affidavit refers to as being attached thereto, but at the request of the defendant it was not attached to the papers. It is stated that Goldstein has confessed the forgeries. He has signed over two houses and lots and household furniture, valued at \$9,000, to his employers, on promise of immunity. He appears to be very much affected by the discovery of his crime, and promises to do all he can to restore the stockholders' funds.

DETROIT, MICH.—Very little positive information is thus far obtainable concerning the affairs of the Lowell National Bank, which was closed by the Examiner a few days ago. Bank Examiner Nash is reported as finding the affairs of the concern in a very badly muddled condition, and as having ordered its business to be wound up as expeditiously as possible. The deposits were about \$80,000. It was found that it would require the raising of a sum nearly or quite equal to the capital stock of the bank—\$50,000—to insure its successful resumption. This the stockholders were not ready to do, in view of the situation, and liquidation was accepted as the alternative. The stockholders will suffer serious loss, but every debt will be paid.

PITTSBURGH, PENN.—The equity suit of Henry Warner, assignee of the Penn Bank, against W. N. Riddle, of New York, and John P. Beal and M. K. Mullen, oil brokers of this city, came up for a final hearing September 15th, in the Common Pleas Court, on the exceptions to the master's report. After hearing arguments the court handed down a decree confirming the master's report, declaring that the defendants are jointly and severally indebted to and shall pay Henry Warner the sum of \$758,912.12, with interest from August 1, 1883, and that the defendants are jointly and severally indebted to the plaintiff in the further sum of \$68,179.26, with interest from August 1, 1883. The court also decided that the defendants must pay all costs, including a master's fee of \$1,000. This is the final chapter in the suit against Riddle and the other defendants growing out of the Penn Bank failure.

XENIA, OHIO.—District Attorney Burnet, on behalf of the Comptroller of Currency, and acting under the direction of C. S. Carey, Solicitor of the Treasury, has filed in the U. S. Court a petition for the forfeiture of the charter of the suspended Second National Bank of Xenia. The grounds upon which the forfeiture is asked are that a false schedule of loans and discounts was filed, when statements from national banks were called for in December last; that single firms and corporations were allowed to borrow sums in excess of one-tenth of the bank's capital, and, finally, that there was a failure to make good within the time prescribed, the impaired capital of the bank.

NEW YORK CITY.—The Chemical National Bank, of this city, filed an answer yesterday in the suit recently brought against it in the United States Circuit Court by David Armstrong, the receiver of the Fidelity National Bank, of Cincinnati. The Chemical Bank received over \$1,000,000 face value of notes and securities from the Fidelity Bank. The Cincinnati bank owed a large sum to the Chemical Bank, but the banks differ as to the exact amount due, and the value of the notes and other papers returned by the Chemical Bank. The answer filed yesterday states that the \$1,000,554.87, face value, was received, and \$678,952.79 was returned. The Chemical Bank realized \$645,397.86 on the collections, and retained \$6,507.97, the amount of the indebtedness of the Fidelity Bank to the Chemical Bank, and the balance, \$33,809.89, was sent to the receiver of the Fidelity Bank.

JERSEY CITY.—The manner in which the defalcation of bookkeeper Van Loan of the Second National Bank of Jersey City, was discovered, has never been told. The bank officials have given the impression that they, or the clerks who took Van Loan's place while he was away for a few days, discovered the irregularity of

books. The facts are that in the regular course of business, and several days before he was due, National Bank Examiner V. P. Snyder, with his assistants, Hyslop and Mellin, entered the bank unexpectedly and began the usual examination of its affairs. This was on Thursday, June 28. Within twenty-four hours they discovered that Van Loan's books were irregular, and that he had been working in collusion with some one outside to rob the bank. They notified the officers at once, and though Van Loan was in the vicinity of the bank on Friday night, and learned of the discovery from one of his associates, no effort was made to apprehend him. Examiner Snyder and his assistants worked upon the books of the bank four days and nights continuously, including Sunday, and upon their showing of the case on Monday a warrant was sworn out for the arrest of Van Loan's accessory.

CHICAGO.—An important decision has been rendered by the Appellate Court of Chicago, Judge McAllister writing the opinion. It was the case of George Schneider and others against Volney C. Turner. Mr. Schneider is president of the Illinois National Bank. He represented a syndicate which made a contract with Turner to buy a controlling interest in the North Chicago Railway Company. The contract of sale gave Schneider the option of making the purchase if the stock were taken by December 15, 1885. Schneider claimed that he notified Turner of the acceptance of the contract of sale December 14, 1885, which was a day before the expiration of the limit, and the money was put up. In the meantime Turner had been East, and had received an offer from the Yerkes-Widener syndicate, in Philadelphia, largely in excess of that offered by Schneider. Turner accepted their offer and threw the Schneider syndicate's agreement overboard. Schneider sued Turner for \$600,000 damages, but Judge Gary decided that the contract, being an optional one, was a gambling agreement, and hence void. Schneider and the Pecks appealed to the Appellate Court, only to get a decision of Judge McAllister agreeing in all material respects with Judge Gary. Judge McAllister says the law is that "whoever contracts to have or give an option to sell or buy at future time any grain or other commodity, stock of any railroad or other company, shall be fined not less than \$10 nor more than \$1,000, and confined in the county jail, and all contracts made in violation of this section shall be considered gambling contracts, and shall be void." The attorneys for Schneider contended that his contract did not come within the provision of this law, because there was no intention to settle upon differences in prices. Judge McAllister holds that this would be true if the agreement were a mere proposition, and not a contract of purchase, but he considers that it was an out-and-out contract for an option. It expressly recited a consideration, which is the moving spirit of a contract. The word "agree," used in the instrument, imparted a contract. Judge McAllister says that the instrument being a contract, it falls within the gambling act above quoted, and is hence invalid. Schneider and the Pecks can, therefore, get no damages for failure to sell them from the North Side Company.

Sterling exchange has ranged during September at from 4.87¼ @ 4.88½ for bankers' sight, and 4.83¾ @ 4.85 for 60 days. Paris—Francs, 5.21¼ @ 5.19¾ for sight, and 5.24½ @ 5.21½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.83¾ @ 4.84; bankers' sterling, sight, 4.87½ @ 4.87¾. Cable transfers, 4.88½ @ 4.89. Paris—Bankers', 60 days, 5.24½ @ 5.23¾; sight, 5.21¼ @ 5.20½. Antwerp—Commercial, 60 days, 5.26¼ @ 5.25½. Reichmarks (4)—bankers', 60 days, 94¾ @ 94½; sight, 94¾ @ 95¾. Guilders—bankers', 60 days, 40½ @ 40¾; sight, 40½ @ 40¾.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 238.)

	Bank and Place.	Elected.	In place of.
N. Y. CITY.	Merchants Nat. Bank....	Chas. S. Smith, <i>V. P.</i>	Gustav Schwab
ALA....	Merchants Nat. B., Tuscaloosa.	J. M. Daniels, <i>Cas.</i>	W. R. Foster
CAL....	Bank of Anaheim, Anaheim....	Geo. V. Horr, <i>Cas.</i>	
"	Bank of Orange, Orange....	B. G. Balcom, <i>Cas.</i>	Geo. J. Mosby
"	B. of Rideout, Smith & Co., Oroville. }	N. D. Rideout, <i>P.</i>	
"	San Gabriel Val. B., Pasadena.	Floyd Taber, <i>V. P.</i>	
"	First National Bank, San Diego. }	W. P. Keller, <i>Ass't Cas.</i>	
"	Bank of Tulare, Tulare....	J. H. Braly, <i>V. P.</i>	H. L. Story
"	Abbott Bank, Abbott....	W. D. Woolwine, <i>A. Cas.</i>	M. T. Gilmore
COL....	First National Bank, Idaho Springs. }	John A. Goble, <i>Cas.</i>	J. A. Lindsay
"	Merchants Nat. Bank, Peoria..	Chas. E. Paris, <i>Cas.</i>	B. Matthews
ILL....	Livingston Co. N. B., Pontiac.	J. M. Graham, <i>V. P.</i>	F. F. Obiston
KAN....	First National Bank, Alma....	W. L. Bush, <i>Ass't Cas.</i>	
"	Dime Savings Bank, Atchison. }	Geo. H. Littlewood, <i>A. C.</i>	Thad. S. Ely
"	Whitewater Bank, Brainerd. }	Jos. Spire, <i>Cas.</i>	D. C. Eylar
"	First National Bank, Downs....	Mary Limerick, <i>A. Cas.</i>	
"	Bank of Herington, Herington.	W. W. Hetherington, <i>P.</i>	A. H. Horton
"	First Nat. B., Junction City....	Frank H. Wilson, <i>Cas.</i>	W. Hetherington
KY....	Carrollton N. B., Carrollton....	W. G. Oldfield, <i>V. P.</i>	C. F. Claassen
"	Owensboro S. B., Owensboro....	Horace McLain, <i>Cas.</i>	
MASS....	Faneuil Hall Nat. B., Boston..	Ed. McLain, <i>Ass't Cas.</i>	
"	Nat. Union Bank, Fall River..	C. J. Sargent, <i>Cas.</i>	S. R. Young
"	Haverhill National Bank, Haverhill. }	J. W. Creech, <i>P.</i>	M. D. Herington
"	North Easton S. B., N. Easton.	C. W. Strickland, <i>Cas.</i>	S. D. Carr
"	First National Bank, Provincetown. }	D. M. Bridges, <i>Cas.</i>	David N. Van
"	Framingham Nat. Bank, South Framingham. }	A. L. Parrish, <i>Ass't Cas.</i>	
MINN....	Beaver Creek Bank, Beaver Creek. }	J. V. Fletcher, <i>P.</i>	Nathan Robbins
MISS....	First Nat. Bank, Natchez....	J. T. Burrell, <i>Cas.</i>	D. A. Chapin
MO....	Central Bank, Kansas City....	A. Washington Chase, <i>P.</i>	James E. Gale
MONT....	First Nat. Bank, Butte City....	James E. Gale, <i>V. P.</i>	A. Wash. Chase
"	Missoula National Bank, Missoula. }	C. R. Field, <i>P.</i>	P. A. Gifford
NEB....	First B. of Brewster, Brewster.	Moses N. Gifford, <i>P.</i>	Stephen Cook
"	Gosper County Bank, Elwood..	Reuben W. Swift, <i>Cas.</i>	Moses N. Gifford
"	Bank of Merna, Merna. }	Fred. L. Oaks, <i>Cas.</i>	
"	Bank of Omaha, Omaha. }	C. W. Smith, <i>Cas.</i>	
"	Citizens Bank, Omaha. }	Frank E. Gibson, <i>A. Cas.</i>	
"	Frenchman Valley B., Palisade.	Louis Rotto, <i>V. P.</i>	Isaac Lowenb
"	Bank of Surprise, Surprise. }	Thos. S. Ridge, <i>P.</i>	J. W. Truew
"		Wm. W. McCrackin, <i>A. C.</i>	
"		S. T. Hauser, <i>P.</i>	Ferd. Kennet
"		John M. Keith, <i>Cas.</i>	D. D. Bogart
"		Chas. Nicolai, <i>P.</i>	Frank A. Dar
"		C. P. Hoynton, <i>P.</i>	F. H. Schroed
"		J. C. Maulick, <i>P.</i>	D. U. Johnson
"		J. H. Bair, <i>Cas.</i>	
"		Mac. Johnson, <i>Ass't Cas.</i>	
"		Chas. Breastel, <i>P.</i>	Andrew Henr
"		C. P. Needham, <i>V. P.</i>	
"		Frank D. Wasserman, <i>C.</i>	H. P. Jessen
"		Geo. E. Draper, <i>P.</i>	W. G. Templ
"		F. C. Johnson, <i>V. P.</i>	
"		W. G. Templeton, <i>Cas.</i>	E. M. Stickne
"		J. A. Patrick, <i>Ass't Cas.</i>	
"		A. J. Vennum, <i>Cas.</i>	A. L. King
"		L. A. Warren, <i>P.</i>	
"		I. M. Bentley, <i>Cas.</i>	

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEB....	Farmers & Traders Bank, Wakefield.	J. D. Haskell, <i>P.</i>	H. M. Bailey.
" ..	Wakefield S. B. Wakefield.	D. Matthewson, <i>Cas.</i>	F. B. Moore.
" ..	Bank of Wilcox, Wilcox.	W. P. Manley, <i>P.</i>	James H. Culver.
" ..		J. E. Seeley, <i>P.</i>	Henry Sapp.
" ..		W. R. Sapp, <i>V. P.</i>	
" ..		Henry Wilcox, <i>Cas.</i>	
N. J....	First Nat. Bank, Woodbury.	John H. Bradway, <i>P.</i>	G. G. Green.
N. Y....	Bank of Gowanda, Gowanda.	A. Gaensslen, <i>P.</i>	C. C. Torrance.
" ..	Farmers Nat. Bank, Hudson.	J. E. Van Deusen, <i>V. P.</i>	A. Gaensslen.
" ..		F. C. Haviland, <i>Cas.</i>	Chas. C. Macy.
" ..	Bank of Huntington, Huntington.	James M. Brush, <i>P.</i>	
" ..		Thomas Young, <i>V. P.</i>	
" ..		Douglass Conkling, <i>Cas.</i>	
" ..	Ithaca Sav. Bank, Ithaca.	Roger B. Williams, <i>P.</i>	Leonard Treman.
N. C....	Pamlico Ins. & B. Co., Tarboro.	Theo. P. Cheshire, <i>Cas.</i>	Matthew Weddell.
" ..	W. P. Baugham, Warrenton.	J. M. Gardner, <i>Cas.</i>	
OHIO...	Camden Bank, Camden.	Harry L. Glenn, <i>P.</i>	S. S. Puckett.
" ..		F. S. Glenn, <i>Cas.</i>	Harry L. Glenn.
" ..	Cardington B. Co., Cardington.	R. F. Chase, <i>P.</i>	Thos. E. Duncan.
" ..	Greenwich Banking Co., Greenwich.	Ambrose Frayer, <i>P.</i>	Wm. A. Knapp.
" ..		J. W. Richardson, <i>V. P.</i>	
PA....	Union Bank, Huntingdon.	E. K. Baldridge, <i>Cas.</i>	C. C. North.
" ..	Phil. Sav. Fund Society, Phil.	P. S. Hutchinson, <i>P.</i>	
R. I....	First Nat. Bank, Warren.	Geo. Welch, <i>V. P.</i>	Nathaniel Drown.
S. C....	Bank of Aiken, Aiken.	W. W. Muckenfuss, <i>Cas.</i>	W. M. Hutson.
TEXAS ..	Red River N. B., Gainesville.	John P. Hird, <i>V. P.</i>	C. C. Potter.
VA....	First Nat. Bank, Harrisonburg.	L. C. Myers, <i>Cas.</i>	C. C. Strayer.
" ..	National Valley Bank, Staunton.	Edward Echols, <i>ad V. P.</i>	
" ..		H. A. Walker, <i>Cas.</i>	Thos. A. Bledsoe.*
WIS... ..	Strong's Bank, Dodgeville.	James Cleminson, <i>Cas.</i>	J. Thos. Pryor, Jr.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 237.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY....	Clinton Bank.....	.....
	\$200,000 Douglass R. Satterlee, <i>P.</i>	David W. Harkness, <i>Cas.</i>
	Aug. C. Beckstein, <i>V. P.</i>	
" ..	Empire State Bank.....	
	\$250,000 James W. Conrow, <i>P.</i>	Chas. H. Roberts, <i>Cas.</i>
	Leon Mandel, <i>V. P.</i>	
ARK ...	Little Rock.....	Ed. W. Parker & Co.. Bank of America.
		Wm. F. Cates, <i>Cas.</i>
CAL....	Redding.....	Bank of Northern Cal.. National Bank of Commerce.
	\$50,000 Edward Frisbie, <i>P.</i>	James D. Andrews, <i>Cas.</i>
	Fred. H. Deakin, <i>V. P.</i>	
COL....	Burlington.	Bank of Colorado.....
		Robt. Clarke, <i>P.</i>
" ..	Grover.....	Bank of Grover.....
		Horace G. Smith, <i>P.</i>
DAK....	Bismarck.....	Bank of Bismarck.....
		(Power & Baker) Chas. C. Smith, <i>Cas.</i>
" ..	Cando.....	Towner County Bank... Merchants Exchange Nat. Bank.
	\$10,800 Hamilton L. Lord, <i>P.</i>	James B. Keenan, <i>Cas.</i>
" ..	Grandin.	Bank of Grandin.....
		Simeon B. Sailes, <i>P.</i>
		O. C. Sailes, <i>V. P.</i>
" ..	Mt. Vernon....	Davison County Bank... Gilman, Son & Co.
		James F. Reynolds, <i>P.</i>
ILL....	Maroa.....	Crocker, Emery & Co.
" ..	Petersburgh ...	J. G. Strodtman National Park Bank.
		E. Y. Sailes, <i>Cas.</i>
		Chemical National Bank.
		Herman H. Garey, <i>Cas.</i>
		Knauth, Nachod & Kuhne.

* Deceased.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
IND....	Rochester.....	Citizens Bank..... Lorenzo C. Curtis, <i>P.</i>	United States Nat. Bank. Chas. B. McConnell, <i>Cas.</i>
IOWA...	Elma.....	Banking House of J. A. Wood.....	
" ..	Goldfield.....	Bank of Goldfield..... \$8,000 (O. C. McIntosh)	O. C. McIntosh, <i>Cas.</i>
" ..	Livermore.....	Farmers & Citizens B'k.....	A. J. Risinger, <i>Cas.</i>
KAN. ..	Hoisington.....	Hoisington State Bank.. \$10,000 A. J. Hoisington, <i>P.</i> A. H. Adkinson, <i>V. P.</i>	Abbott S. Cooke, <i>Cas.</i>
" ..	Lost Springs...	Union Banking Co. Geo. H. Stearns, <i>P.</i>	United States National Bank. Edwin M. Donaldson, <i>Cas.</i>
" ..	Quenemo.....	Farmers Bank..... \$30,000 Geo. N. Gray, <i>P.</i> M. K. Myers, <i>V. P.</i>	Hanover National Bank. Chas. S. Gray, <i>Ass't Cas.</i>
" ..	Stafford.....	The Frank Cox Bank....	Chase National Bank. Frank Cox, <i>Cas.</i>
KY.....	Ashland.....	Second National Bank.. \$25,000 Richard D. Davis, <i>P.</i> J. M. Ferguson, <i>V. P.</i>	Edward Mitchell, <i>Cas.</i>
" ..	London.....	First National Bank..... \$50,000 Vincent Boreing, <i>P.</i> Robt. Jackson, <i>V. P.</i>	Robt. C. Ford, <i>Cas.</i>
" ..	Owensboro....	Merch. & Mechanics Bk.. \$54,000 Richard Monarch, <i>P.</i> Jerry I. Berry, <i>V. P.</i>	Lawson Reno, <i>Cas.</i>
" ..	Sturgis.....	Pierson & Givens.....	Hanover National Bank. Miss Florence Pierson, <i>Ass't Cas.</i>
LA.....	Alexandria	Rapides Bank..... \$30,000 Geo. W. Bolton, <i>P.</i> B. Ehrstein, <i>V. P.</i>	Louis V. Marye, <i>Cas.</i>
MICH...	Buchanan.....	First National Bank..... \$50,000 John Reynolds, <i>P.</i>	John F. Reynolds, <i>Cas.</i>
" ..	Edmore.....	Edmore Exchange Bank. \$10,000 William H. Gardner, <i>P.</i>	Chase National Bank.
MISS. .	Greenville.....	Merchants & Planters B. \$100,000 James S. Walker, <i>P.</i> Wm. E. Hunt, <i>V. P.</i>	National Park Bank. James Robertshaw, <i>Cas.</i>
MO.....	Kansas City....	United States Bank..... \$100,000 A. T. Irvin, <i>P.</i>	Seaboard National Bank. D. P. Doak, <i>Cas.</i> T. A. Johnson, <i>Ass't Cas.</i>
" ..	Spickardsville..	Bank of Spickardsville.. \$5,000 John F. Wolz, <i>P.</i>	Eli A. Cook, <i>Cas.</i>
MONT...	Phillipsburg...	Silver Bank..... Harry L. Rodgers, <i>P.</i>	S. A. Kean & Co. Thos. E. Bonfield, <i>Cas.</i>
NEB ...	Broken Bow....	Central Neb. Nat. Bank. \$60,000 O. J. Collman, <i>P.</i>	J. H. Inman, <i>Cas.</i>
" ..	Lamar.....	Bank of Lamar..... \$10,000 Chas. A. Piersall, <i>P.</i>	American Exchange Nat. Bank. Chas. A. Piersall, <i>Cas.</i>
N. Y...	Brooklyn.....	Franklin Trust Co..... \$500,000 Edwin Packard, <i>P.</i> Wm. H. Wallace, <i>V. P.</i>	Market & Fulton Nat. Bank. Geo. H. Southard, <i>Sec.</i>
" ..	Pike.....	Stebbins & Beebe.....	Importers & Traders Nat. Bank.
N. C...	Greensboro....	Sav. & Dep. B. of N. C.. \$50,000	
OHIO...	Chicago.....	Commercial Bank..... (W. B. Keefer)	Chase National Bank.
TENN ..	Bristol.....	H. E. McCoy & Co. \$50,000	United States National Bank. Henry E. McCoy, <i>Cas.</i> H. E. Jones, <i>Ass't Cas.</i>
" ..	Memphis....	Memphis Savings Bank.. \$12,500 David T. Porter, <i>P.</i> Hugh M. Neeley, <i>V. P.</i>	James H. Smith, <i>Cas.</i>
TEXAS..	Eagle Pass....	Maverick County Bank.. \$50,000	Importers & Traders Nat. Bank. Frederick V. Blesse, <i>Cas.</i>

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TEXAS.. El Paso.....	Merchants Exch. Bank... \$100,000 W. B. Merchant, <i>P.</i> T. T. Teel, <i>V. P.</i>	Merchants Exchange Nat. Bank.
" .. Midland.....	Connell Bros. & Scarbauer G. H. Connell, <i>M'g'r.</i>	.....
WASH.. Seattle.....	J. A. Gould.....	.....
WIS.... West Superior..	First National Bank.... \$100,000 William B. Banks, <i>P.</i>	William H. Slack, <i>Cas.</i>
ONT... Port Rowan....	Killmaster's B'k'g. House.	C. S. Killmaster, <i>Cas.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from September No., page 238.)

3925	First National Bank.....	John Reynolds, Buchanan, Mich.	John F. Reynolds, \$50,000
3926	First National Bank.....	Wm. B. Banks, West Superior, Wis.	Wm. H. Slack, 100,000
3927	Central Nebraska Nat. Bank..	O. J. Collman, Broken Bow, Neb.	J. H. Inman, 60,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from September No., page 239.)

CAL....	Oceanside.	Hayes & Hicks have gone out of business, no successors.
" ..	Oroville.....	Rideout, Smith & Co. have been incorporated as Bank of Rideout, Smith & Co.
" ..	San Diego.....	Bank of San Diego has consolidated with the First National Bank.
DAK....	Bismarck.....	Mellon Bros., succeeded by Bismarck Bank.
ILL....	Maroa.....	The firms of Crocker & Co. and C. F. Emery & Co. have been succeeded by Crocker, Emery & Co.
MASS...	Framingham ..	Framingham National Bank has removed to South Framingham.
" ..	S. Framingham	South Framingham National Bank has gone into voluntary liquidation.
MICH..	Lowell.....	Lowell National Bank is insolvent, and has been placed in the hands of a receiver.
MINN...	Tower.....	C. H. Graff & Co., succeeded by First National Bank.
" ..	Worthington..	First National Bank has gone into voluntary liquidation.
MONT..	Phillipsburg....	H. L. Rodgers & Co., succeeded by the Silver Bank.
NER....	Beaver City....	Wm. Howard Phelps has sold out to the First National Bank.
" ..	Omaha.....	Bank of Omaha has been incorporated.
" ..	Omaha.....	Citizens Bank has been incorporated.
" ..	Palisade.....	Frenchman Valley Bank, A. J. Vennum now proprietor.
" ..	Wakefield.....	Wakefield Bank is now Wakefield State Bank.
" ..	Wilcox.....	Bank of Wilcox (Sapp & Wilcox) has been incorporated.
N. Y...	Huntington....	Bank of Huntington (James M. Brush & Co.) has been incorporated, same correspondents.
" ..	Pike.....	Bank of Pike has gone out of business.
TENN...	Morristown....	Lookout Bank has been incorporated.
TEXAS..	Eagle Pass....	Eagle Pass Bank has been succeeded by Maverick County Bank.
" ..	Pecos.....	Hilliard & Johnson, now Johnson, Gibson & Co.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, SEPTEMBER, 1888.

[illegible]

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

NOVEMBER, 1888.

No. 5.

BOND PURCHASES AND THE MONEY MARKET.

The large purchases by the Secretary of the Treasury of Government bonds at the figures prevailing the last month, indicate clearly enough the possibilities of the Government with respect to purchasing the remainder of the debt. Sagacious bankers have all along said that at \$1.30 very many of the fours could be obtained, and the recent offers to the Government furnish incontestible proof of the fact. The stringency in the money market is no explanation of these offers by bondholders, for they have not been moved in the least by the lack of money in parting with their bonds. They have sold them simply because at the prices ruling they believed they could do a better thing with their money. There is no evidence anywhere showing that the sellers were in need of cash particularly, or have taken this step through any peculiar condition of the stock market at the present time. We see, therefore, that the fears of those persons are groundless who believe that, unless the sinking fund is repealed, the Government will be obliged to pay exorbitant prices to obtain its obligations wherewith to satisfy the requirements of that fund. The holders of bonds, like the owners of almost all other kinds of property, are quite willing to sell them when the price is high enough to induce such a step. If there were only a small amount of these bonds, and the owners knew that the Government must obtain them, that the obligation on its part was imperative, then, indeed, they might take advantage of the situation, if the sinking fund act were continued, to

force the price of bonds to an unreasonable figure; but this is the situation. There are nine hundred millions of obligations standing, held by a large number of persons, each of whom is desirous of doing the best possible thing with his money. Therefore, if the premium which the Government is willing to pay is high enough; or, in other words, if their investment, all things considered, will be more profitable in another form, it is to be seen that they will change it without delay. So then, this fear of the inability of the Government to buy its obligations by our money experience has passed away, and will no longer be a serious element in the problem of bond redemption in the future.

With respect to the position of the Government in having a large surplus at the present time, free for the purchase of bonds or for expenditure in other ways, several things may be said. In the first place, it is contended that the action of the Government is radically wrong in maintaining a system of revenue which produces such a large surplus should exist. Without attempting to discuss the question of the expediency of the present policy in that regard, we maintain that, even if the revenue system were continued, there is no particular reason why this surplus should be in the Treasury and not in use by the people. Months ago this surplus could have been readily distributed if the Secretary of the Treasury had been fit to do so. We are not saying this in the way of criticising his conduct, but simply to emphasize the fact that whatever may have been expedient with respect to drawing such a large revenue from the people, it certainly was not necessary to keep it long in the vaults of the Government. So long as bonds were outstanding, the Secretary of the Treasury had power to buy them at all times and in quantity sufficient to prevent the public accumulation of a single dollar.

What his motives were in thus suffering the revenues to accumulate, it is not needful to consider. Some, of course, affirm that one of them was to use the fact in forcing a reduction of taxes. Another motive, so it is affirmed, was his unwillingness to buy bonds at the prices prevailing, lest the step should be unpopular with the people. And another motive was, if he bought the bonds more rapidly the prices would go up to a higher figure and therefore the Government would be obliged to pay more for them. Whether these were his motives or not will not be considered here; we simply repeat the fact, clearly established by the action of the bondholders within the last few days in parting with their bonds, that the Secretary could have bought them at any time since entering on his present course, by paying as much as he has paid during the last month. Hence, we see that there is no connection to this surplus question from one side. There need not have

a dollar in the Treasury, for the Secretary could have promptly bought bonds as soon as he found that there was anything left after paying the ordinary disbursements of the Government.

Another objection made to the accumulation of the surplus is, that the Secretary possesses an enormous power over the money market, which he ought not to have, through fear of abusing it. Of course, it is possible for him to abuse this power, but it may be said, in reply to this objection, that the Secretary of the Treasury for the last twenty years has possessed an enormous balance which he could use in various ways to affect the money market if he had so desired. During all these years, however, amid numerous changes of administration, no one will for a moment contend that he has used this power in such a manner as to endanger the prosperity of the people. The truth is, as we all know, he cannot part with any portion of the public revenues without immediate public knowledge of the fact, and even if he were inclined to do something with them either for his own personal advantage, directly, or indirectly, through the action of his friends, the probability of instant detection is so great that he would hardly dare enter on such a course. So, then; at no time has there ever been any tampering with the public revenues for personal ends, or to influence the stock market in any perceptible degree. The amounts are so large, his action is so necessarily exposed to the public eye, he could not buy bonds or control the market in any way with the public funds without immediate detection, and hence there is no reason why he should pursue any other course than that demanded by public expediency and the law.

The fact also is worth repeating that there need be no surplus for him to use in a wanton or unlawful manner, if Congress should insist on his purchase of the Government obligations at short intervals. It would not do, of course, to make such a law imperative, as the holders of obligations might take advantage of the situation to force them to a high figure; but outside this difficulty he might be required to keep his surplus down, and thus the danger be obviated which some persons profess to fear. But, in truth, there is none springing from this cause; there never has been any, and the danger is one for the most part spread abroad to influence the stock market, and not having any real foundation. The Secretary's good judgment has always prevented him from dealing unwisely with the surplus, and he can be trusted after twenty years of experience to continue in the same way. Until someone has shown a desire to abuse this power, it is hardly worth while to consider the dangers of possibilities attending his course.

Again, it is said that this money ought to be in the hands of the people, and not lie idle in the Treasury. It may be said, in

reply to this objection, that it need not be in the Treasury; the Secretary has full power to put it in the hands of the people if he so desires. But even if it were there, would the money market be in any better condition than it is to-day? There is a class of people who seem to think that the only way to establish a perfect money market is to have the surplus money of the country kept by the hands of the banks, and not by the Treasury. But for our own part, we cannot see any special gain in changing the custodian of our surplus deposits and earnings. If the surplus is to be kept at all, it may as well be kept in the Treasury vaults as in the bank vaults. If it is not to be kept, then there is no question before us either of banking policy or Treasury policy to discuss. One thing is certain, a surplus or reserve cannot be kept anywhere, and the people have, notwithstanding, all the money they want. The two things are diametrically opposed to each other, but this is precisely the state of things that some people desire, and believe it is possible to have. So they clamor for the abolition of the Sub-Treasuries, and the removal of the deposits of the Government to the banks. We can see no relief for the money market, and never have been able to see any by such a change in banking policy. If the banks should have possession of this money, they would confide it to the Treasury, and should loan the same, then there would be no surplus or reserve from which people could draw in a time when more money was needed. If they should keep the money, on the other hand, the money thus confided to them by the Government, as the Assistant Treasurers now do, the people would be better served than they are at the present time. The same objection would exist of which some persons now complain, and they would get no relief by such a change with respect to the keeping of the national income.

There is no way of keeping a reserve and of spending it at the same time. As soon as anyone can discover a way of doing these two things at once, of course the way should be adopted; until such a discovery is made, we might as well keep the reserve where it is, for it is just as well off there as in any other place. If the true solution of the question consists in keeping a reserve at all, and leaving the people to get their money wherever and where they can, without regard to the action of banks or the Government, then, of course, the Sub-Treasuries should be abolished, and also the act requiring the banks to keep two and a half per cent. of their deposits, and the people would then be left to depend on themselves. Long experience has demonstrated that it is best to keep a deposit somewhere for pressing occasions, and as long as that belief is maintained, it is just as well to keep the reserve where it is, as to confide it to the keeping of banks or private individuals.

COMMERCIAL PAPER.

There is one subject on which the bankers of this country could expend much effort with the expectation of getting a good return—the perfecting of a code of law relating to commercial paper. We said something on this subject in the last number of our MAGAZINE, and something shall be added on the present occasion. Several associations of lawyers have earnestly appealed for such a law. As bankers well know, the law at the present time is anything but uniform; a great variety of principles prevailing on almost all the important points touching negotiable paper. As enormous quantities are constantly made and circulated throughout the Union, it is of the utmost importance that something should be done at the earliest possible moment to produce more uniformity. If the task of preparing a complete code of law should be regarded as too great, why not begin in a more modest way to prepare uniform notes and bills of exchange, and then to recommend uniform holidays and laws relating to the protesting of paper, thus passing from one part of the subject to another until the whole field had been traversed? Evidently the bankers are about to form State associations, seeing clearly enough that there is really nothing for them to do in the way of maintaining a national association, and feeling, on the other hand, the need of having some sort of a system for the better conducting of their business. These State associations could begin the work of hammering out rules, and then, through a committee on conference, uniformity might be secured among all the associations, and when the rules were thus far completed they would be ready for legislative action by the various States. One will readily see that here is a fine field for bankers to exercise their knowledge, and a real cause for meeting oftener than once a year, as is now done. In the larger cities, especially, such associations might exist, which should undertake this specific work of codifying the law relating to negotiable paper. The desirability of doing something has been in the minds of bankers for several years, and we believe that a committee of the American Bankers' Association on the subject have had the matter in charge for a long time; but nothing has been done. The subject is too large to be handled by a convention meeting, like the American Bankers' Association, for a few hours once a year, and the work must be taken up with more earnestness, and with the expectation of giving far more time to it than has been given heretofore.

There is no subject that touches the bank interest more closely

in the domain of law or legislation than this. We suppose the idea, if one has existed at all in the minds of the members of the National Association, has been the perfecting of a code for adoption by the National Government; but there are a good many difficulties in the way of accomplishing that end. Such legislation, if ever effected, must come through the several States; and it might be made reciprocal; the law operating only among those States adopting it. On this plan, the bankers might begin to work immediately with an excellent prospect of success; and, as above stated, instead of attempting to compass the whole field, some of the most important matters might be first determined, like legal holidays and the forms of negotiable paper, and having reached uniformity, to recommend the results to the various legislatures. We have no doubt that legislative bodies would heed recommendations on this subject coming from such a source, and crystallize them into the form of law. The time has fully come for making an attempt in this direction.

THE USE OF MARGINAL FIGURES IN A DEFECTIVE NOTE.

A subscriber sent us the following inquiry, which, having been answered at greater length than is usually done, is given here. A note was drawn by a depositor, payable at the bank where his deposit was kept, for "Seven Forty Five Dollars," and the marginal figures were \$745 $\frac{0}{100}$. The proper holder of the note (not the payee) offered to give a receipt for seven hundred and forty-five dollars, but would not guarantee that amount to be correct. Would the bank be safe in paying the note? When the drawer's bank-book was balanced, and he found \$745 charged to him for this note, could he object to the charge; or, if he had not sufficient funds to his credit when the bank paid it, would the bank have a good claim against the drawer for the balance?

One of the most celebrated of law writers, Beawes, says in his "*Lex Mercatoria*," when describing how a bill should be drawn: "The sum should be written in the bill, in clear and distinct characters, and the amount superscribed in figures. The latter is a useful precaution, as it may aid an omission in the body of the bill, and cannot occasion inconvenience. And it has been holden that if the sum in the superscription of the bill be different from that in the body, the sum mentioned in the body would be taken to be, *prima facie*, the sum payable." (S. 193.) Chief Justice Williams, in *Norwich Bank v. Hyde* (13 Conn., p. 281), remarks that "we understand the author to mean that we are to look at

the body of the instrument as our guide; but as that may be ambiguous or defective, the margin may serve to aid or explain it. If they actually differ, the former is *prima facie* to govern; but, like all other *prima facie* evidence, it must yield to better evidence." The body of the note in question is evidently defective. If the amount had been left blank by the maker, this would have conferred authority on the holder to fill it with any sum. (See 1 Randolph on Com. Paper, sec. 105, p. 138, and authorities there cited.) The defect in this case can be repaired by referring to the figures in the margin. They can be used for this purpose. In *Corgan v. Frew* (39 Ill. 31) the word "dollars" was omitted in the body of the note, but the amount, "\$500," was given in the margin. Walker, C. J., in delivering the opinion of the court, said: "The check mark being placed in the margin by the parties themselves, at the time the instrument is made, becomes a part of it; and being a part of the note, it may be resorted to as a means of explaining anything doubtful in reference to the sum named in the body of the note. Whilst it cannot be used to contradict what is clearly and plainly written, still, if from any cause there is uncertainty as to the sum intended, it may be resorted to for the purpose of explaining or removing that doubt. The check mark, then, in this case showed that the sum intended in the body of this note was five hundred dollars." (See also *Riley v. Dickens*, 19 Ill. 29.)

The note in question must not be confounded with the notes in such cases as *Saunderson v. Piper* (5 Bing. N. C. 425) and *Payne v. Clark* (19 Mo. 152), in which the ambiguity arose from a difference between the amount expressed in the body of the instrument and in the margin. In both of those cases, if there had been no marginal figures no one would have ever learned, from an inspection of the instruments themselves, that an ambiguity or defect existed; in the present instance the body of the note is defective without reference to the marginal figures. It is clear enough to us, therefore, that the defect may be repaired by resorting to the figures; and by doing so, the extent of the liability of the maker is clearly fixed.

With respect to recovering the amount paid in excess of the maker's deposit, a preliminary question must be first answered. Was the bank required to pay the note even if the maker's deposit had been sufficient? In some States, even if the depositor's notes be made payable at the bank where he deposits, it is not required to pay them. This is the law in Illinois, Indiana, Louisiana, Massachusetts, and, perhaps, in other States. This obligation, however, is imposed on banks in New York and in Pennsylvania, from which State this question has been sent. In the case of the *Com-*

Commercial National Bank v. Henninger (105 Pa. 496), which related to a note payable to the bank, Judge Paxson said: "The note, therefore, was a draft on the bank against the deposit of the maker. It was equivalent to a peremptory order on the bank to pay, or, to speak more accurately, to charge the note against the deposit." But if the deposit be insufficient for the purpose, what shall the bank do? In *Kymer v. Laurie* (18 Law J. Q. B. N. S. 218), bankers having £20 belonging to their depositor paid an acceptance of £42 when it became due. Patteson, J., said that "the plaintiff, by making the acceptance payable at the defendant's, clearly authorized them to pay it, and if the balance in favor had been £42 . . . they would have been bound to pay it, unless the plaintiff, before it was presented, had countermanded that authority. They were not, indeed, bound to pay it under the existing circumstances, because they had not sufficient funds, but they were fully authorized to apply what funds of the depositor they had towards the payment." Whether they could recover the balance of the £42 was not determined. "That question," said the court, "might depend on the course of their dealings and other circumstances." In *Commercial Bank v. Ten Eyck* (48 N. Y. 305, p. 310), the court said: "It is not an uncommon thing for bankers to permit overdrafts, with an understanding that the account should be made good before the close of banking hours, or that day, or soon after; and whether such overdrafts are proper or not depends upon the character and standing of the depositor and upon the circumstances of each case." If in this case the depositor was well known and had good credit, we do not see how the bank would not be justified in paying his note as well as his check. The bank's obligation to pay the note, if his deposit had been sufficient, must be remembered. While it would have been justified in not paying at all, or only the deposits belonging to the maker, yet, as his note, drawn on his bank, was virtually a direction to pay it, in our judgment the position of the bank was quite the same as though it had paid his check. If, therefore, it could have recovered in the latter case, in our judgment, it could recover in the other.

In the last edition of Morse on "Banks and Banking," the author maintains the same view. "If the banker at whose counter a bill or note of his customer is made payable has not at the time for payment a sufficient amount for this purpose to the credit of the customer, but if, nevertheless, he pays the bill or note, making up the deficit from his own funds, he will be entitled afterwards to recover the amount so advanced by him, as money loaned or paid for the use of, the customer." This statement is founded on the cases of *Foster v. Clements* (2 Camp. 17), and *Manderson v. Union Bank* (9 Cranch 9).

A REVIEW OF FINANCE AND BUSINESS.

GENERAL IMPROVEMENT IN FACE OF THE ELECTION.

The month of October has been one of improvement in the general business situation and volume of exchanges throughout the country, with but few exceptions, due to special causes, notwithstanding it has witnessed the climax of one of those periodical disturbances of trade incident to a presidential election, which has hitherto been considered equivalent to an off year in business. This fact has been due to two causes, one of which is that business men have ceased to be made the sport and prey of the politicians of both parties, who have so often cried wolf in case their opponent should succeed in getting control of the National Government, that they no longer believe them, and the other, that they have learned by the experience of the past four years that no party, once in power, will pursue any policy that shall prove detrimental to the people, and hence make it unpopular enough to lose the support of the majority that placed it in possession of the Government. This is guarantee sufficient to the average business man who has no special privileges to endanger by a change, that whichever party shall be returned to power, neither will dare, even if they wish, to make any changes that will injure the business of the country.

CONFIDENCE IN THE BUSINESS SITUATION.

It has been sufficient to prevent any financial disturbance, due to a tight money market, during the past few months, of which so much fear was entertained last spring, though pronounced groundless at the time in this article, because of this same guarantee. The general Government was master of the monetary situation, and its power has been exerted to an extent, unexpected, if not unprecedented, to avert any trouble in the money market, which has not been easier in years, during the movement of the crops, than it has been this year, although the conditions so unfavorable last spring to easy money have continued throughout the summer and fall, in decreased exports, increased imports, and a cessation of heavy European purchases of our railway securities, since the reduction and stoppage of dividends so unexpectedly begun, with the St. Paul road, two months ago. This vigorous and effectual use of its power by the Government, in financial danger, has given business men confidence that it will use the same power for the benefit, not the injury, of the general business and the industries of the country, no matter which party shall be placed in control of its administration for the next four years.

A GUARANTEE AGAINST DANGEROUS TARIFF CHANGES.

Either will be on trial only, to test the truth or falsity of its opposite claims, that the tariff changes advocated by each will give prosperity to the country. Whichever may be elected to make this test must make its claim good, or forfeit the people's confidence and its chances of a re-election. This fact will keep the successful party on its good behavior, and compel it to do its best for the next four years, to command the confidence of the business interests of the country, and its continued support. Hence this almost phenomenal improvement in business the past month, on the eve of an election, which has been conducted, for the first time since the war, upon purely business principles or rather, interests. This is the next best thing to taking the tariff and all other business legislation out of politics, as it is in England and should be here, so that such questions may be settled upon their merits, and not by party necessities.

EXCEPTIONS TO THE GENERAL IMPROVEMENT.

Boston, as a locality, has been the chief exception to the general improvement in business the past month, and this has not been due to stagnation nor depression in general business, nor in special industries in that section, which would indicate unsound conditions, but to bad investments in, or management of, western and south-western railroads, whose securities are held in New England, and bought and sold by investors in the Boston market. The reduction of dividends on the Chicago, Burlington and Quincy stock in consequence of the strike of last spring, in which that road was alone, and of which the wisdom of the exception is still unemonstrated, has been followed by the exhaustion of resources from which unearned dividends on the Atchison, Topeka, and Santa Fe had been paid, while floating the securities of a system that paralleled the older Missouri Pacific routes, which had been once, or more, reorganized upon a bankruptcy basis. Added to these two heavy blows at the investing public in the East, on their Western securities, came a reduction at the end of the month in the November dividends of local eastern roads, the Boston & Maine and the Fitchburg, which proved nearly the last, as well as the most unexpected straws on some of the poor investors' backs. But the trouble has been tided over, though its effects will be long felt in that money center of the New England States.

COLLAPSE OF THE COAL BOOM AND READING'S EARNINGS.

The other exceptions are the reaction in the coal and the dullness in the iron trade. The former was to be looked for after the over-stimulated activity of the summer, by threats of higher

prices in the autumn, on which the coal roads did their legitimate fall trade last summer. The result is beginning to be seen in the loss of the Reading Company on its September earnings, recently made public, which not only show a heavy decrease for that month, but for ten months of its fiscal year. This, too, in face of the extraordinary output of coal this year, notwithstanding the strike of last winter, which has been largely made up. The comparison, however, is with statements and earnings that were both forced last year to make a good showing on which to float the bonds of the reorganization scheme, as was indicated at the time in this article. Now these bonds are off the hands of the reorganization syndicate, and those who have bought them are likely to find nearer the true condition of their property than a year ago, when its wonderful increase in net earnings astonished everybody but the insiders. In the language of a railroad man, "It is easy to force the net earnings of a road for one year, as Mr. Corbin well knew, but not for two years." This is the second year, and the renewals and repairs of last year have come out of this year's earnings, as well as two years' "dead work" in the mines of the Reading Coal and Iron Co., all of which will probably be charged, in the next annual report, to the miners' strike, or, rather, the strike of the Reading managers against the miners, in order to make a cloak to cover the sins of the syndicate committed a year ago.

As a result, there has been free selling of Reading by Wall street houses, who were loaded by the insiders on the coal boom of last summer, and the promises of higher prices for coal this fall. It also turns out that the heavy "short sales" of Lackawanna then made, were for "long" insiders of that corporation.

SOUTHERN RAILWAY CONSOLIDATION.

The reorganization and consolidation of detached and parallel Southern roads into systems has been steadily progressing for the past two years. But the capping of the climax was the purchase, during the month, of the whole Georgia Central system, including the railway, banking and steamship company, by the Richmond Terminal Company, and the transfer of \$12,000,000 of the stock of the former to the latter, followed by a bull movement in those securities. This is the biggest railroad deal of the year, and consolidates the largest systems in the South, with 7,000 miles of road, and marks the end of the first period of railroading in the South as was done in the North when all the detached roads between the seaboard and Chicago were consolidated into the Trunk Line; all west of Chicago to the Missouri River and Rocky Mountains into the Grangers, and all west of the Missouri into the Pacific or Trans-continental systems. Henceforth better management and earnings are to be expected from Southern railways.

These changes and prospects have made these securities the strongest on the list, while those Southwestern and Eastern roads have been the weakest, for causes explained above.

OTHER RAILWAY SYSTEMS AND TRAFFIC.

The trunk lines have been the second in strength to the Southern, and led by the Vanderbilts, on buying attributed to that family, as well as the late heavy sales of Government bonds, which have been thus re-invested. This is significant, and confirms our last article as to the condition of the trunk lines, whose local traffic seems to have caught up with the increased facilities furnished by the paralleling of ten years ago and since. Like the trunk lines, the Granger roads are also gaining in earnings on what seems to be more largely than ever, local and general business, as the movement of grain, especially to the seaboard, is light, and mostly by water. The Transcontinental lines are, on the other hand, falling behind last year, the Northern Pacific included, as the damage to and small movement of spring wheat affects it most, while Union Pacific is doing better than a year ago on local traffic.

Why, then, the iron industries should be dull, as reported, is not clear, when the trunk lines are all increasing their rolling stock and equipment, and making extensive renewals of old and buying new plants, as the Vanderbilt lines are known to have been doing extensively, though quietly, all this season, while the Pennsylvania Company is said to have added 13,000 cars to its equipment this year, and yet are unable to supply cars as fast as freight offers.

THE BOND AND EXCHANGE MARKETS.

While stocks have been very irregular, and some up with others breaking heavily, railway bonds have neither been active nor fluctuated widely, as a rule. The foreign demand has fallen off, with that for our stocks, since the St. Paul episode, which seemed to change the views of European investors as to the condition of our railways, or more especially of the Granger systems. Southern railroad bonds have sympathized with stocks, and Chesapeake and Ohio have come up again. Governments have ruled steady, the 4½s closing around 108½, at which figure nearly all the Treasury purchases of the last of the month were made. The 4s were firm and higher on a demand from some of the parties who disposed of their 4½s to the Secretary. The decidedly easier condition of money in the open market at London led to liberal drawings of short sterling by the bankers, and rates declined, especially for cable transfers, large amounts of which were pressed for sale. Long bills, on the other hand, were steady.

Money was easier at the close of October than for some time past, and rates of interest were lower in all directions. This was due to the heavy gain in the bank reserves during the month, the increased offerings of capital by the foreign bankers in consequence of the improved state of the market at London, and a material falling off in the shipments of currency to the interior. The Secretary of the Treasury has confined his operations chiefly to the $4\frac{1}{2}$'s, and as a result his purchases were smaller of late. The extremes for call loans at the close were $1\frac{1}{2}$ and $2\frac{1}{2}$ per cent., and time money, for which there was very little demand, lent at 3 and 4 per cent. for short and long dates. Commercial paper met with ready buyers, out-of-town banks again appearing as purchasers. Gilt-edged notes were done as low as $4\frac{1}{2}$ per cent., and prime and good names were taken at 5 and 6 per cent.

The banks lost over \$1,200,000 of the surplus reserve the last week in the month, owing to smaller bond purchases, while the Government deposits have fallen under \$50,000,000, or about \$14,000,000 below the maximum.

During the last week in the month the Secretary purchased \$2,293,300 $4\frac{1}{2}$'s at 108 $\frac{1}{2}$, but accepted none of the 4's that were offered. Up to date, the Government has purchased, under the April circular, \$51,392,000 4's, and \$38,355,350 $4\frac{1}{2}$'s. The 4's have cost \$66,005,539, and the $4\frac{1}{2}$'s \$41,366,634, and the saving to the Government, in anticipating their redemption before maturity, is about \$26,500,000. The surplus in the Treasury, on the 27th ult., was \$71,159,030, against \$72,835,829 the previous Saturday.

THE WHEAT SPECULATION.

The wild speculation for higher prices in wheat has had a reaction from last month, although the boom caused by the corner in September in Chicago did not reach its climax until well into October, nor until the large European shorts had been scared into covering near the top, or from \$1.18 to \$1.22, both in New York and Chicago, their enormous lines of December, sold at below \$1.00, and some near 90 cents. It was only strong houses that could stand such a raise, as margins were called on everybody after the failure of the large houses of Williams, Black & Co., in New York, and Frank Clifton & Co., of Chicago, on the short side of September wheat. It was said, and no doubt practically true, that the foreign houses, which have made so much money here on the short side of wheat, in the past three years, as to impoverish American speculators on the long side, brought back from the other side in the last two days of the boom, all the money that they had made for a year past. A few, however, were on the right side, and escaped. The September deal, however, did not end the specu-

lation for higher prices. Hutchinson, who cornered September, bulled December and sold out, buying May since on the break of 10 and 13c. that followed, and now predicts \$1.25 for May by the first week in November, and that spot wheat will sell at that price every month till another crop. In the meantime the Fairbanks-Lyon pool in Chicago still have about 7,000,000 bushels or more of December wheat, and believe in much higher prices, and so did not sell out on the late advance. The Minneapolis millers are also long of the market yet, and as big Bulls generally as they have been Bears of late years. The Government report for October indicated about a 400,000,000 crop in measured bushels, which would make only 385,000,000 of last year's standard weight, and, with 25,000,000 bushels from last crop, would give about 85,000,000 bushels for export, of which 36,000,000 has already been taken, leaving 49,000,000, of which two-thirds is on the Pacific, and one-third, or about 16,000,000, on the Atlantic coast. Since the great advance, however, nothing has been shipped from the Atlantic except in shape of flour, of which exports have been free on old purchases, made at lower prices, before the rise, since when our markets have been 25 cents to \$1.00 per barrel higher than Europe, though they are now coming together. Meantime Europe's crop turned out better than expected in September, and she has been supplied by home-grown wheats, the stocks of which have increased, as well as imports from Russia and India, California and other countries. It is not expected that Europe will take much of us until the new year. But the Western speculators have ceased to count on export demand, and say we have no more than our own mills will want for home use and export in the shape of flour. Corn has been depressed by the big crop, well secured, in face of good exports, and oats sympathized, with a steady and free movement of both, while the new corn crop promises to be in condition to market earlier than usual, in spite of the late planting and maturity of the crop.

THE PROVISIONS MARKETS

have been dull and depressed, since the clique in October lard in Chicago were cheated out of their largest game, it is said, by the failure of Clifton & Co., who were short of that as well as of wheat. Hence, after getting all they could out of the smaller shorts they dropped the price of spot lard, which was at one time 3c. per lb. over that of January, to a level with that month, rather than carry the deal into the next packing season, which begins November 1st. This was the safest course, as the packers all over the West have been depressing the prices of hog products, in order to get the raw material down where it would be safer to pack the

next crop of hogs, which is expected to increase for a year to come on the largest corn crop ever raised, being, practically, 2,000,000,000 bushels, by the Agricultural Bureau's estimate. Beef products have been more active, and early in the month were a little higher, with hog products, before they broke. But since then, beef has been dull, as well as provisions generally, with no export demand, as Europe is well supplied with English, Irish, and Danish bacon, and prices here are still regarded too high, being about 1c. over a year ago. The packers made very little money last year, but worked chiefly for the hog growers and the Eastern trade, which bought early a year ago, and at much less than it cost the packers to make their products.

THE COTTON AND OTHER MARKETS.

The export movement from this port has not been large so far on this crop, but from southern ports it has been as free as the limited supply of steam chartering tonnage would permit, it having been scarce, as shown by the highest rates of freight paid in over three years, namely, 62s. 6d. per ton from southern Atlantic ports to Liverpool. The crop has turned out a large one, though not as large as at one time anticipated. But speculation in that staple has not revived as in wheat, and by sympathy in other produce markets, to any considerable extent. Coffee is so much under the control of foreign manipulation and foreign houses that it has little interest outside the trade here. The Petroleum market has also ceased to have a public interest, as speculation is well out of it, except as prices are marked up or down by the Standard Company. Minor markets have little of interest, except the breaking of the corner in lead, which is regarded as foreshadowing the collapse of the copper syndicate sooner or later.

FALL AND WINTER TRADE AND BAD WEATHER.

The year 1888 has renewed, since the autumn set in, the record it made up to last June for unfavorable and unseasonable weather. October has been a wet, cloudy, cold month, with little rain or sunshine, instead of the warm, pleasant autumn that was predicted from the cool, wet summer. Trade is therefore backward on that account, and in part owing to the election, in the retail department, and that makes replenishing of stocks—bought quite freely early in the fall and summer, in anticipation of a better trade this autumn, to make up the light trade of last spring—slow, and the opening of winter trade behind time in many branches. Yet there is no general complaint, though this is no doubt, in part, the immediate cause of many failures, which have attracted more attention of late than they would have done last spring, during the bad trade that in good part caused them. The outlook for November and December appears to be better.

ARGENTINE FINANCES.

From time to time we receive news of the flourishing condition of things along the River Platte. That country has suddenly risen to a great height of prosperity; but how long it will remain so is a grave question. A vast amount of money has been borrowed within a few years for building railroads, and for other internal improvements, and, of course, so long as the credit of the country remains good and money can be borrowed in large quantities, business will thrive. The last turn upward has been occasioned by the enactment of a free banking law, the work of Minister Pacheco. By this law national banks are to base their circulation on national gold bonds bearing four and a half per cent. interest. These bonds have all been taken by foreign investors, and the gold is now going in large quantities to the River Platte. It is said that the gold will be in part used for the redemption of other bonds; but at all events the outcome of this new loan will be another flood of paper money, which will have a direct tendency to inflate prices, and this always means a lively time while prices are rising. The speculative fever in the Argentine Republic, in gold, real estate, public buildings, railroads, cattle farming, etc., is great, under the stimulating influences of foreign loans. Among the newest schemes, to be undertaken by a French syndicate, is a railway from Montevideo, through Brazil, Paraguay, and Bolivia to the Pacific coast, to cost the trifling sum of *a thousand millions of francs!* In the face of mammoth gold remittances from Europe, the depreciation of the paper currency was still hanging fire at 30 to 32 per cent. The Provincial Bank of Buenos Ayres has lodged thirteen million gold dollars in the National Bank to the credit of the national Treasury. This gold goes to pay for the 4½ per cent. gold bonds to guarantee a fresh issue of paper to the amount of fifteen millions. It is calculated that the National Bank to-day has a stock of gold exceeding thirty million dollars.

The Buenos Ayres *Standard* says that the general state of affairs throughout the country could not be more satisfactory or more promising, and that "the Argentine Republic is on the eve of another great boom in every direction, in every branch of industry, and in every department of enterprise." Yet the Government is trying to restrain further reckless railroad ventures—a circumstance which elicits from the *Standard* the remark that "it is a pity that the Argentine Congress, in an unusual fit of retrograde prudence, should have shelved so many valuable railway schemes, the carrying out of which would immensely advance the country by the opening up of new territories and new markets of production."

How long prices will continue to rise is a question. In the meantime, the importation of gold has been powerful enough to affect the gold premium, driving it down from sixty to thirty—a very violent decline—within a month. Previously to that time the State banks, it is asserted, had been masters of the situation in fixing the price of gold, but are now lowering their bills drawn on Europe, so that the country feels happier. It is supposed that at least fifty millions more of paper money will be issued within a few months.

THE RUSSIAN RUBLE.

The Russian Government is about to put forth more paper, thus postponing, and doubtless indefinitely, the return to specie payments. A great deal has been said about the probable action of the Government in this regard, and the impression has been strengthened as much as possible that specie payments would be declared in order to uphold the credit of the Government. There is always a deficit in the public account, and, in truth, it has never been possible at any time since suspending specie payments to resume them.

Originally issued in 1768, during the reign of Catherine II, ruble notes were of the nominal value of seventy-six cents, and were irredeemable. In 1817 they were declared redeemable in silver coin at their market value, and in 1848 a new issue of notes was made, nominally payable in silver rubles. When the new issue had served its purpose of buying up the old paper rubles, the payment of rubles in coin was suspended, and the suspension has continued ever since. This was in 1854. At the end of February last the value of rubles notes in gold had fallen below forty cents, the lowest price since 1854. With an enormous external debt on which interest in gold had to be paid, the depreciation of the national currency to the extent of nearly fifty per cent. was very serious. The London market had long been closed to Russian loans, and last year, it will be remembered, Berlin suddenly began to look with coldness at Russian overtures for fresh advances. It was, however, necessary to obtain supplies of sterling somehow, and, with all the leading money markets of Europe shut against her, Russia had perforce to sell ruble notes for what they would fetch in gold. This was the chief cause of the heavy fall in the ruble, which gave rise to the idea that Russia, being unable to pay her way any longer, would seek the desperate remedy of a war as an excuse for the suspension of interest payments. Fortunately, things never reached this stage. After two or three months of depression, during which the ruble fluctuated between forty and forty-one cents,

its value commenced in June to improve, and has since made a steady advance, until now it is quoted at about fifty cents. The general improvement in trade has, no doubt, a good deal to do with this rise. From the report just published by the Minister of Finance, it appears that for the six months ending June, 1888, the value of the exports from Russia amounted to 348,000,000 rubles, against 237,000,000 rubles during the same period last year, an increase of 111,000,000 rubles.

The Russian harvest this year is good, and the exports of wheat are certain to be greater than for many years past. Nevertheless, the Russian Government is evidently bent on its purpose of issuing more bank notes. The real reason is because there is no other way of getting money to sustain the Government. It is the last resource, having failed to borrow, after trial among all the banks of Europe.

WORKING OF THE INTERSTATE COMMERCE LAW.

It is undoubtedly true that the Interstate Commerce Law has failed in many ways to accomplish the ends desired by its projectors. Its failures are evident and numerous; but perhaps the most serious blow which the hopeful ones have sustained has come within a few days, in which the administrators of the law have announced their hopelessness to do anything to protect railroad companies from destroying each other. They have sought, and with some degree of success too, it may be said, to protect the shipper from injurious treatment on the part of the railroad company; but it has accomplished nothing in the way of protecting these companies from mismanagement among themselves. Now, it appears that one of the great Granger railroads has been making ruinously low rates, and the other railroad companies are seeking to protect themselves from the conduct of this company. The Chicago, St. Paul & Kansas City road in June last notified the Commission that, in consequence of the lowering by other lines of the rates between Chicago and St. Paul and Minneapolis, it had been compelled to reduce its own rates between these points below the level at which it could accept business to or from intermediate points. In other words, it said that it would be compelled to set at defiance the fourth section of the Act, and charge a greater proportionate rate for the shorter than for the longer haul. On the hearing before the Commission, evidence was produced to show that the rates made by the Burlington & Northern road, and which were made to apply to all classes of traffic, were not compensatory, in that they were insufficient to pay operating expenses. The St.

Paul company, which also appeared, produced similar testimony. The Chicago, St. Paul & Kansas City Company asked that the Commission should either sanction its rates to intermediate stations or compel the Burlington & Northern to advance its tariffs, the point made being that the purpose of the Act was not complied with unless the rates were reasonable and just alike to the railroad company as well as the general public. But the Commissioners say they can do nothing about it; and the unfortunate thing is that, in consequence of the existing law, the companies can do nothing themselves. If the law did not exist, then they might form a pool, and under proper penalties, perhaps, induce all the competing companies to put their income into a common treasury, and thus secure uniformity of rates and the observance of them; but this, as we have already remarked, cannot be done under the present law, and yet the Railroad Commissioners can do nothing to prevent the railroad companies from slaughtering each other. This is a state of things that is well-nigh unbearable, and should lead at once, either to the repeal of the law altogether, or to such amendment as will permit the railroad companies to protect themselves in cases where the Railroad Commissioners are unable to offer adequate protection to em.

AUSTRIAN INDEBTEDNESS.

The nations of the Old World are gigantic debtors, and many believe that some of these nations, at least, will continue in their present way, unless relieved from their obligations by repudiation, either in whole or in part, of the burdens which now press so heavily upon them. Among the nations feeling indebtedness the most keenly is Austria. The general opinion prevailing throughout that great empire is that the national debt will never be paid. The national obligations sell in the money market at a heavy discount, which increases; in other words, the debt is diminishing in value. This has been the general course of the Austrian debt for many years, and as there is usually an annual deficit in the budget, a failure on the part of the Government to balance its expenditures with receipts, its credit is becoming more and more impaired, and therefore the probability of paying its indebtedness is proportionately weakened.

Nevertheless, the situation of Austria is by no means hopeless. On the other hand, the fact that the discount on its debt is so great, might be used as a means for restoring the credit of the empire. If Austria had no revenues whatever; if there were no sources whence she could bring monetary supplies to sustain her-

self, and pay something in the way of interest or principal on the debt, then, indeed, the situation would be hopeless; but such is not the case. Austria pays her interest charges, and her ability to get enough revenue to do this renders the way comparatively easy to restore her finances to a thoroughly sound condition. Then, should be done?

The present indebtedness of the empire is 3,370,000,000 florins, bearing an average rate of interest of five per cent. Suppose the Government should offer a new bond, payable, we will say, in 50 years, bearing three per cent. interest, and guaranteeing to the holder that the interest thus saved of two per cent. should be applied as a pledge or lien on the revenues of the Government for amortization or payment of the principal of the debt. Then there would be no doubt, knowing that a certain portion of the debt would be paid every year as well as the interest, that the debt would immediately go to par or nearly so, and retain its full value. What the bondholder now fears is that he will not get his principal, and this fear is registered at the Bourse in the rates of discount; but offer him an annual interest regularly of three per cent., and begin the liquidation of the principal, setting aside the interest thus saved for the purpose, and the prospects of ultimate payment would be immensely improved, and the credit of the Government would immediately bound upward. For there could be no doubt whatever of the ability of any Government in Europe to borrow money at three per cent., on strong expectations that it could and would be paid. England has recently refunded her debt at two per cent. and while, probably, the credit of France is not quite equal to that of England, she could doubtless refund hers at a rate less than three per cent. if she desired to do so. And so Austria, too, could easily enough borrow at three per cent., if the lenders were assured that they would be regarded first in disbursing the revenues of the Government.

The saving effected by diminishing the rate of interest from five to three per cent. would be 36,000,000 florins. This would enable the Government to discharge its entire indebtedness in about 10 years, without adding one dollar to the rate of taxation. If the Government, in anticipation of such a policy, could also find a lender from whom it could borrow to buy its own bonds at a discount, the difference between the price paid and par would be a clear gain, and would thus render the fulfillment of the national obligations more easy in the end. Such is a hint in the way of overcoming the difficulty now confronting the Austrian Government in dealing with its indebtedness.

FINANCIAL FACTS AND OPINIONS.

Gratuitously Managed Insurance Associations.—The disappearance of the securities belonging to the insurance fund of the New York Produce Exchange, caused by the counsel who had them in charge, has started another question which is worth at least a brief discussion—the expediency of such associations forming an insurance fund for the benefit of their members. There are many well-managed life insurance companies in the United States. It is true that their rates in most cases are excessive; and one reason why insurance funds like that in question are created, is to effect insurance at a less rate than that charged by the regularly organized insurance societies. The insurance fund in this instance, as in many others of a kindred nature, was kept without expense, and the entire income, therefore, was devoted to the purpose intended by the contributors. In the case of ordinary life insurance it is needful to deduct the expense of management from the profits of such a fund, and as these are often large, one can easily see how much further a few dollars can go in the way of semi-private insurance, like that practiced by the New York Produce Exchange, than it would if paid to a great life insurance company. Because of this greater economy, these private associations have been created everywhere, and especially among the workingmen. The Masonic fraternity, as is well known, has had such a society for many years. Insurance among workingmen through associations exclusively of their own is very general. In Pennsylvania an investigation is now going on, respecting the mode of organizing and conducting these organizations.

Now and then their weak feature appears, as in the present instance. If business is conducted without remuneration, it is generally conducted without skill. Perhaps the most noteworthy exception is the management of our savings banks, in which directors are usually the real managers, and who have almost invariably served without reward. But generally, all funds voluntarily administered, sooner or later are neglected; returns are not made; accounts are imperfectly kept, and so, even if the managers are perfectly honest, they become neglectful, books are not properly balanced, they die, the funds become mingled with other funds, and loss ensues. This is the history again and again of all such voluntary enterprises, and hence the question may be fairly asked, Is not the risk of neglect worth taking into account in forming these associations? In other words, Is it not worth while to pay the difference between the cost of insurance in this irregular

fashion and in a strong concern, for the sake of effecting a good, valuable insurance? This question is worth considering. It will be said, of course, that the managers of the Produce Exchange ought to have looked after their funds. But we repeat, persons will often not do their duty unless they are paid for doing it; and if they are not paid for doing it, is it not quite certain that they will be neglectful, and that somebody will lose in the end? The discovery of this defalcation by the manager of the New York Produce Exchange insurance fund was an accident. The Bedell forgery having occurred, the managers of the New York Produce Exchange determined to look into the condition of their insurance fund, when behold, they made the painful discovery that a considerable portion had disappeared! Possibly Mr. Foster might have taken the whole of it if he had been permitted to manage it longer. We fear that the managers of this association have been no more neglectful than the managers of other associations with which similar funds have been confided. At all events, this loss illustrates the old and well-worn truth, that unceasing vigilance is necessary to guard properly and protect the funds of every institution, and all such trust funds especially, which in many cases are designed for the poor and most needy, should be guarded with unusual care, and those to whom they are confided are to be blamed severely if they do not make frequent investigations, and thus assure themselves that they are properly performing their trust.

Report of the British Silver Commission.—At last the commission has reported, their members dividing equally, six favoring a bi-metallic money standard, and six maintaining that the present standard be continued without change. The time has passed for commissions of this nature, however carefully composed, to influence public opinion very much either one way or the other; and we suppose that this last deliverance will have about as much effect among men as the several gentlemen composing the commission would have had by their individual utterances as simple citizens. There was a time, indeed, when the utterances of such a commission proved weighty in moving legislatures and public opinion. But the situation seems to have changed entirely in these modern days. The newspapers and magazines have become so plentiful that every thoughtful man whose opinion is worth anything, either writes or is interviewed; and so in one way or another the public soon gets in possession of all information any one has to give on almost every subject of public interest. About the only work left for commissions of this nature is to investigate, perhaps more thoroughly than individuals can do, the causes of some of

the disturbances in the monetary world, or in other regions, that affect mankind, and to collect statistics relating thereto. Commissions are constantly doing good work in the way of collecting useful information, especially of a statistical character, the expense of which is too great and difficult to be undertaken by any individual, and in laying it before the public in an accessible form. All the work done by the British Silver Commission in the present instance possesses considerable value; but the recommendations of the commission will doubtless have no more influence than the opinions of the members previously expressed. The question itself is drifting, and it seems evident that no nation is likely to change its policy very much with regard either to establishing or discarding the use of silver, except as the pressure of circumstances shall force action. If the demand for gold, for example, should become much greater, this fact would enhance the probability of governmental action in favor of the greater use of silver. If, on the other hand, no new special demand for gold should arise, there is no reason particularly why any nation should go farther in using silver. A few years ago our nation demanded a large quantity of gold to resume specie payments, and Italy followed in our track, and so did Germany, and it was the pressure of this demand that produced such a great scarcity in the gold market. Now, the demands having been satisfied, and no other nation seeming to manifest any special desire for an unusual quantity, no signs of a monetary disturbance are visible. Until there shall be a new large demand, the silver question will probably remain unchanged.

Profits on the Silver Coinage.—The *Iron Age* has made a good point concerning the real amount of surplus in the Treasury. It affirms that there is not nearly so much as is generally supposed, for the reason that the Government has been buying silver at the market rate and coining it into money at the legal rate, and is thus making a large profit which appears as a part of the surplus in the Treasury. The last report of the Director of the Mint shows that the seignorage on silver coinage during the last fiscal year was nearly eight millions, and that the total net profits of the business for the last nine years, after deducting the cost of coinage, losses of metal and money paid by the Government in shipping silver dollars free to all parts of the country, in order to facilitate their circulation, is \$38,601,277. The profits of the last three months would swell these figures to forty millions. The *Iron Age* therefore says:

1. If the United States had made the same purchases of bullion, at the same prices, as has been actually the case, but had coined dollars of full

value, so as to make no "fiat" profit on the business, the silver producers would not have been affected; there would have been no difference in the course of trade, but there would now be a surplus of only \$80,000,000, instead of the \$120,000,000, which the Treasury officials claim it to be.

2. If the United States had coined the same number of dollars as it has done, but had made them of full value, the silver producers would have had the benefit of \$40,000,000 additional purchases of bullion; the price of silver would have been to that extent supported, and there would now be so much less surplus.

3. If the United States should desire to enter into an international agreement for the remonetization of silver throughout the civilized world, it would be obliged, as clearly appears from the report of Mr. Edward Atkinson on that subject, to recall and recoin its silver dollar coinage. This would involve two losses: first, the loss of the fictitious value attached to the coins over and above what the metal actually cost the Government; secondly, the loss due to the continued fall in the market price of silver. The two, together with the expense of recoinage, would cost the Government nearer \$100,000,000 than \$40,000,000, and practically the surplus would disappear.

In other words, to the extent of \$40,000,000, the so-called surplus is no more real than if the Government had printed paper notes to that amount and piled them in the vaults. These \$40,000,000 never were "in the pockets of the people." They never were anywhere. They represent nothing but an illusion, and they might well be dissipated (spent is hardly the proper word) in putting more silver into the silver dollar. At present it is the boast of counterfeiters that they make as good an article as the Government—equal in fineness and weight—and the profits, at the ruling price of silver, are from 25 to 30 per cent. Let the United States go out of competition with counterfeiters, and their "surplus," as well as its "surplus" (*arcades ambo*) will disappear.

Comparison between London and New York Banks.—A comparison has lately been made between fifteen joint stock banks in London, possessing a capital and surplus of \$120,000,000, and deposits of \$875,000,000, and eighty-four banks of New York, which possess an aggregate capital and surplus of \$115,000,000, and deposits of \$412,000,000, besides a cash reserve of \$120,000,000 more. The discounts of the English banks are \$565,000,000, while their cash, call loans and government stock are \$440,000,000. Fifteen banks in New York aggregate a capital and surplus of \$65,000,000, and their deposits \$218,000,000, and cash reserve \$65,000,000, or about one-half that of the London banks above mentioned, and which, moreover, do nearly three times the business of our own. The London banks and banking houses usually keep their cash in the Bank of England, which, indeed, keeps the reserve of nearly all the banking institutions of Great Britain. It should be added, too, that whenever there is any excessive tightness in the money market these banks immediately rush to the Bank of England for re-discounts—a practice which that institution has endeavored to overthrow, but thus far has failed to do. The consequence is that the Bank of England,

with its capital and surplus of \$90,000,000, divides only about nine per cent. per annum, while its weaker competitors make not infrequently twenty per cent. dividends. Another point of difference is worth mentioning—the custom of giving interest on deposits. Generally the only depositors that get interest from New York banks are persons or banking institutions depositing for special times, or with whom special agreements are made. The general city depositors get no interest on their balances, though this is not true with respect to the deposits held by the trust companies. These, however, are for the most part on fixed time, and consequently a rate can be safely paid. The English practice very generally is to give interest on deposits; but, on the other hand, the New York banks, like those generally throughout the country, are very much more accommodating in serving their customers in collecting and paying small checks. This practice is not usual in London, except by certain banks which have lately been formed for that purpose, called check banks, and which make a special charge for the service. Depositors, we imagine, rarely think of the great amount of book-keeping, as well as the cost of doing the business of paying so many small deposits. This is one of the returns for paying no interest on deposits. If banks did pay something, doubtless they would show fewer favors towards their customers in the way of paying small checks.

English Bankruptcy.—The London *Daily News* says: "The total amount of loss to creditors in England and Wales through bankruptcy proceedings during last year was 7,114,905 pounds sterling. In other words, our merchants and traders supplied every day some £22,804 worth of goods for which they never received a single farthing, and even then it must be borne in mind that they were further mulcted by private compositions of which no official cognizance is taken. Such figures give an imposing idea of the magnitude of our commerce; but they are unsatisfactory in themselves, and unsatisfactory also as showing that in this respect we are going backwards. As compared with the previous year, 1887 has to be debited with an increased loss of £1,195,103, the difference not being in the number of receiving orders, for in these there was a positive decrease, but in the falling off in the proportion of assets to liabilities." These heavy bankruptcies, it is said, are ascribed partly to the Chamberlain act of 1883, whereby bankrupts are able to procure discharges too easily. Under this act only nominal penalties are inflicted. The consequence is that when a man becomes a bankrupt, instead of stopping at the earliest possible stage, he usually goes on as long as possible, and thus the loss is usually a large proportion of the capital involved. Traders continue to

sell at a loss, and keep up the appearance of solvency, well knowing the hopelessness of their situation. If the penalty were increased in the event of the loss going beyond a certain percentage of liabilities, in other words, if the penalty increased in proportion to final loss, bankrupts would be inclined to stop at an earlier period of insolvency, instead of continuing as long as possible. Several laws have been enacted by our National Government, and all have proved unsatisfactory, and the experience of England under this last act, which is now five years old, would be worth collecting and publishing, to throw light on the wisdom of enacting the bill now pending before Congress.

Shall Banks Sell their Bonds?—The high premium on the fours and also on the four and-a-halves, considering their short life before maturing, has proved a sufficient inducement for banks in many cases to sell their bonds while other banks know not what to do. One of the most sagacious and successful bank officers in the country, Mr. St. John, president of the Mercantile National Bank of New York, has shown very clearly in a letter published in the *New York Times*, which is the most profitable course for a bank, and which has been adopted by his institution. He says:

Page 516 of the Controller's last annual report mentioned 3,049 national banks having on deposit to secure their circulating notes \$189,000,000 of bonds, of which bonds \$99,000,000 were in excess of the minimum required to maintain their national charter. Since the date of that report 131 new national banks have been organized, while the failed and retired have been very few. The recent surrenders of circulation are announced at about \$3,000,000, representing about \$3,500,000 of bond. If, then, there remain no sufficient inducement to banks to preserve their national charters, doubtless at least \$189,000,000 of bonds are within this noted exception. The general inducement to preserve national charter, in the face of a moderate loss upon the required holdings of United States bonds, now little anywhere, can scarcely be discovered by the banks of some localities. In any event, at least \$99,000,000 of bonds are free of this restriction as to national charter, and subject only to the minimum monthly reduction allowance of \$3,000,000 of circulating notes. If, in the continuance of bond buying, these banks shall sell these bonds to the Treasury or other purchaser, their surrender of circulation will be nine-tenths of this sum, which means a contraction of the currency to the amount of \$90,000,000.

Whether or not these banks will sell their bonds must depend, in part, upon their predictions as to the future of prices for them. Recent Treasury purchases of bonds have been made (prices net of accrued interest) at 129 for the 4 per cents and at 108 for the 4½ per cents, the former being now within about 18¼ years and the latter 2¼ years of the date when they are to be redeemable at par. The sums required to be annually set aside at interest in order to sink these premiums of 29 per cent. and 8 per cent. in the periods named, if we assume a 6 per cent. value for the money, and a bank is supposed to constantly employ all its money, may be estimated at 1.48 per cent. and 2.77 per cent., to be annually deducted from the 4 per cent., and 4½ per cent. of income from the bonds, respectively.

"Profit or loss on circulation" being determined by a comparison of the ordinary employment of a given sum of money at a given rate of interest, against the net return upon the like sum invested in United States bonds for the operation of national bank note issue, the following tables, substantially accurate, will be found to have a bearing on our question:

ASSUME, FOR CONVENIENCE, AN INVESTMENT IN \$10,000 OF BONDS.

For 4 per cents, at 129, the outlay is \$12,900, which sum, at ordinary 6 per cent. employment, would yield annually.....	\$774
Employed for note issue, we have income from the bonds 4 per cent., less as above, 1.48 per cent., net 2.52 per cent.....	\$252
\$9,000 circulating notes at 6 per cent.....	\$540
Less tax, 1 per cent., and expenses, \$10.....	100 440 692

Net annual loss on circulation upon each \$10,000 of 4 per cent. bonds. \$82	
For 4½ per cents at 108, the outlay is \$10,800, which sum, at ordinary 6 per cent. employment, would yield annually.....	\$648
Employed for note issue we have income from the bonds, less 4½ per cent., as above, 2.77 per cent., net 1.73 per cent.....	\$173
\$9,000 circulating notes at 6 per cent.....	\$540
Less tax, 1 per cent., and expenses, \$10.....	100 440 613

Net annual loss on circulation upon each \$10,000 of 4½ per cent. bonds \$35

An investment one year hence in bonds for note issue, at prices reduced in each case by the respective sinking fund amounts, would yield identical results, *i. e.*, one year hence the 4 per cents taken at 127.52, and the 4½ per cents at 106.27, must be carried at the above estimated annual loss respectively.

The Mercantile National Bank has just arranged to "contract the currency" by \$855,000, having sold \$950,000 of 4½ per cent. bonds held for "circulation," in order to realize the above estimated (95 times \$35) \$3,315 annual saving during the two and three-quarter years remaining to the maturity of these bonds.

In addition to the foregoing, Mr. St. John has remarked in a letter to us: "Additional importance will be accorded these tables, if we remember that of the sum of national bank notes now outstanding, which are secured by deposit of United States bonds, the great volume are the issues of the banks located in the small cities and towns—called in the money centers 'the country banks'—because the higher the interest rate ordinarily current in the locality where a bank does business, the greater is the bank's annual loss on the issue of circulating notes. Thus, if, for instance, we assume 7 per cent. per annum as the fair average employment of money, and apply that rate as the basis of calculation to the first of the above tables, we shall have:

Cost of 4 per cents 12,900, employed at 7 per cent..	....	....	\$903
If employed for note issue.....	....	....	....
Income from bonds, 4 per cent., less 1.46 net 2.54-100 per cent.....	....	\$254	....
\$9,000 notes at 7 per cent.....	\$630	....	....
Less tax and expenses.....	100	530	784

Annual loss on circulation on 7 per cent. basis. \$119

against annual loss on 6 per cent. basis of \$82 on each \$10,000 of bonds."

THE LEGAL BASIS OF AN AUSTRIAN CHECK-LAW

BY GUSTAV LEONHARDT, GENERAL SECRETARY OF THE
AUSTRIAN-HUNGARIAN BANK.

(TRANSLATED.)

[CONCLUDED FROM THE OCTOBER NUMBER.]

Fourth Question.—Shall it be considered criminal to draw a check not having a balance on hand, or to overdraw the same?

He who gives a check, for which there is no bank balance in his favor, acts like the man who pays with a valueless bank note or a "forged signature." It may happen accidentally (*bona fide*) but it may also be done fraudulently. It is for a judge to determine such matters; but for the safety of check transactions a special paragraph need be inserted in the Check-law. The loss of credit, to which such a case will lead, in the commercial world is sufficient punishment; furthermore, the banker will break connection with the party, if such checks be repeated.

This applies particularly to cases where the cash amount has been "overdrawn." In the main, there is no real difference between a check not at all and one but partly covered, because in both cases the drawer pretends the presence of a balance, small or large, in his favor, and in both cases, if the check is not paid, he will be responsible to the possessor of the check for this pretense. But, though the law must insist upon checks being issued only for available money, the banker is not therefore prohibited from paying a check, though his customer has "overdrawn" his balance; there may even be an understanding between them to the effect that the banker takes upon himself the obligation to pay, even though the latter has not any balance due him. If this is the case, though the check is not uncovered, then there is no pretense to amount due, but the check is fully covered by the banker's formal promise to pay, as if he were a debtor to the drawer.

The question of the criminality of issuing a check totally uncovered, may also be solved from another point of view. If the check be subjected to a smaller tax than the bill of exchange or the draft, then to issue an uncovered check, using the smaller tax stamp, will also be a misdemeanor. Whether such a case is to be treated under the existing law of taxation, or whether a special stamp law ought to be issued, the competent authorities must decide.

Fifth Question.—Must the drawer of a check have the consent of the bank drawn upon, and if so, what will be the legal consequences of the absence of such?

It is not at all necessary to treat this question in the Check-law. As a matter of course it will not be necessary to get the assent of the drawer in each case; a general assent is sufficient. To write out a check without that assent is equal to an illegal issue of a check (Fourth Question), even when the drawee is the drawer's debtor.

Sixth Question.—May a check be written out in any manner or way, or must the drawing be on a blank issued and numbered by the bank?

It is not at all necessary to treat this question in the Check-law. In the main, it depends upon the agreement between the banker and the customer, what kind of blank must be used. In certain cases a check might be made out on any kind of paper (lettered for the purpose or not) according to mutual understanding in the matter. As a protection against fraud, every banker will demand the use of blanks issued by himself.

Seventh Question.—Is the check to be declared payable "on sight" only?

Eighth Question.—Is the declaration of another paying time expressly to be declared null and void?

Ninth Question.—What would be the legal consequences of the stipulation of a special paying time?

The immediate payment of the check is a main requirement of the check, and ought to be stipulated in the law. Any other contrary arrangement ought to be declared void, when the paper expressly is called a check (First Question).

Tenth Question.—Does a check need to be "accepted"?

An acceptance is entirely out of harmony with the nature of the check, and would, where this is for a round sum, easily lead to the circulation of "Abusiv-notes." The law ought, therefore, expressly declare acceptance as impermissible.

In America it not infrequently happens that checks are drawn as payable at a certain time and accepted as such, but this peculiarity is not advisable for us, especially as it has not been adopted in England; its adoption ought to be postponed till our check transactions also in other respects resemble those of America.

Eleventh Question.—Within how long a time after the day of drawing may checks be presented for payment?

To issue a check is the beginning of payment (Third Question) to some extent; the drawer and the receiver of the check are both interested in its payment in reality. The check is not meant for circulation, but to be cashed, whether its possessor gets it in coin or on his credit account. As a single circumstance has called forth the check, and as it is adapted to it, it is therefore not suited to

serve in several changes of hand. The check ought, therefore, to be exchanged immediately by the first possessor. A new payment ought to call forth a new check. In consequence of this, the time for payment may be made very short. The receiver of a check, by receiving it, declares his willingness to receive payment at another place than cash payment from the drawer. Therefore ought the time for presentment for payment be no longer than the one necessary to cover the difference of places. Consequently, the next business day ought to be the longest grace given. It will, however, be necessary, in order to overcome practical difficulties, such as the distances of a large city, variations in office hours, etc., which make quick collecting impossible, to stipulate that the second day after issue must be the latest term for payment.

This applies to checks when drawer and drawee both reside in the same place. When the check goes to another locality, the same rules might apply, with the addition that the days of transport by mail should not be reckoned.

Twelfth Question.—What would be the legal consequences of exceeding this limit?

Under ordinary circumstances the drawer remains in the debt of the possessor of the check till paid; but if the check remains unpaid on account of neglect in presenting it in time (failure of the drawee), then any redress against the drawer is lost.

The indorser of the check is free from all responsibility in failures of presenting the check in time.

Thirteenth Question.—If there be any irregularity in the letters and figures of the check, will Section 5 of the regulations governing bills of exchange come into force to determine that the actual letters and figures express the sum drawn, or ought we have some other legislation?

It is not necessary at all to treat this question in the Check-law.

As checks are not advised, differences in writing out the amount payable ought to create caution, in order to prevent frauds. Practically, the drawee will either pay the smaller amount or inquire of the drawer.

Fourteenth Question.—Ought a regulation be made to allow only the drawer the addition of date (law regulating bills of exchange, Sec. 4, p. 6)?

It is certainly not necessary in the interest of check transactions to add such a regulation, which can only be a source of trouble, and, moreover, it is *not* found in the regulations for bills of exchange. To answer whether such a regulation would be of fiscal interest is beyond the limits of these opinions.

Fifteenth Question.—Ought a paragraph be made to the effect that a check may be drawn from one place upon another as well as locally?

As the check fills its functions in the local transactions, it may be said to be a rule, almost without exception, that the drawer and the drawee both reside in the same place. A customer's advantages and conveniences of being in connection with a local banker are largely lost when the banker lives miles away, besides giving rise to many expenses and troubles. Nevertheless, it may suit a business man in Doebling or Liesing,* as much as a private man at a distant bathing place, to make his payments through a banker in Vienna. The law ought, therefore, to recognize checks from distant places as much as local checks.

It will, however, be a mistake to think that in the German "Reichsbanks" Giro transactions, distance-checks play any part. It is not the case. The "red" check, by which a Giro customer transfers a claim on a Giro customer in another place to the "Reichsbank," is not drawn directly on the distant place, but through the bank in the drawer's locality. The check is not returned, either, but kept as a redeemed pledge, and the balance added to the Giro customer's account by means of letter.

Sixteenth Question.—Is it criminal to neglect to add the date and place of issue, or to add a later date than the real issue?

Seventeenth Question.—If so, who is punishable?

That which has been said on the Fourteenth Question applies also to these two.

Eighteenth Question.—Is the drawee obliged to honor the check, and what are the consequences of not doing so?

It is not at all necessary to treat this question in the Check-law.

All bankers (banking houses) which do Giro business and are drawn upon by checks, use to publish the regulations which govern this business, and by engaging in new transactions, to require a written acknowledgment of these rules. These regulations form a business basis between the banker and the customer; and one of these regulations generally permits the customer to dispose of his credit by means of checks. If the drawee does not fulfill these agreements by making payments, having a balance on hand, then he has broken his agreement, the legal consequences of which will be determined by common law. Many institutions have a right to satisfy their own claims before they pay the drawer's check; others can do the same under certain restrictions. The judge will determine whether the not honoring of the check was justified, or

* Two small cities not far from Vienna.—*Tr.*

whether the drawer has been injured in his credit by ignorance or evil-mindedness, by the refusal of the drawee to pay. The failure to pay an honest check might, under certain circumstances, lead to a concurrence of creditors.

Nineteenth Question.—Is the possessor of a check obliged to take a part payment?

It is entirely unnecessary to touch upon this question in the Check-law.

The drawee could only make a part payment against the surrender of the check, but the possessor will not give it up, as it is his only security for payment of the balance due. Drafts which exceed the cash balance lie very near to the charge of fraud. Part payments cannot be recommended, and would hardly be acceptable.

Twentieth Question.—Can the drawer recall the check? If so, within what time?

The banker is his customer's cashier. He pays when the customer orders him to do so by a check, but he must not pay if the customer by letter recalls his check before it is paid. But the drawer places his check in the same condition as it would be had he issued it without having a cash balance due him. (Fourth Question.) A special paragraph in the law could only be of use in the sense of the irrevocableness of the check, and would be justified as much as the irrevocableness of a cash payment. Any law on the subject of recalling the check will call forth many doubts and misunderstandings in regard to the responsibility assumed by the drawer, and will certainly obstruct the progress of all check matters.

Twenty-first Question.—How will a concurrence and the death of the drawer affect his check?

The concurrence of the creditors of the drawer has no doubt the result that the banker can make no direct payments for him, from the moment he hears of the publication of the concurrence, or otherwise. If, therefore, the drawer should present the banker a check for payment after the opening of the concurrence, that he might withdraw wholly or in part his balance, that check cannot be honored, whether the check be dated before or after the concurrence. It is also certain that the banker, after the opening of the concurrence, cannot pay a check to a third party.

But it seems doubtful whether a check drawn for a third party before the concurrence, would be affected by the following concurrence. The regulations relating to concourses (Secs. 22a and 26), do not seem to exclude absolutely any other understanding. Every payment and check given out is put down on a merchant's books

as actual payment, without regard to the day on which the banker redeems it. When the merchant gives a check to a third party in payment of a debt, he debits the receiver with the amount and credits the banker. The debt to the receiver will no more figure among the passiva, because squared by the check, and the balance due at the banker will no more figure as activa. If he be obliged the next day to announce a concourse, then he can only, in the balance sheet he offers the court, count upon the amount which actually is at his disposal, because he must reckon that all previous checks have been paid at the moment of making the balance sheet. To this comes still another consideration, having its root in the nature of the check. The check is no new responsibility, such as, for instance, an acceptance. The check is not in itself a payment, but the beginning of a payment, the completion of which, presentment and redemption, take place independently of the drawer. If the debtor pays to his own cash account, then the consequent concourse cannot change the payment effected. The accident that the debtor personally keeps no cash book, but commissions a banker to do it, ought not to be to the detriment of the third party, who has received the payment. If it were, then every interested party would demand that his business friend should keep his own cash account.

When an honest dealer, in making payment by a check, disposes of a cash balance to a third party, in taking this cash balance from his activa, does then this cash balance, *once his*, still belong to the bankrupt estate, when the legal disposition of the check first takes place on the day of publishing the concourse? (Sec. 2 Concourse Regulations.) Do not these considerations lead to the conclusion that the check, according to its own sphere of activity, in this as also in other respects, is its own law?*

At any rate, it is desirable that lawyers further consider these questions.

The drawer's death does not change the banker's right and obligation to pay, so long as such payment does not affect the legal heirs injuriously.

Twenty-second Question.—Which rules ought to govern the lettering of the check? Can a check be to order, name, or bearer?

* Not only French writers, such as Nougier and Espinas, Bédarride, Dalloz and Le Mercier (Alauzet alone excepted), but also the French law courts, declare themselves decidedly of the opinion that all balance is transferred to the possessor of the check. The following is the decision of the law court of Orléans, 30th of August, 1871: "*Le cheque a pour effect de transférer immédiatement et par le seul effet de sa remise au porteur le domaine de la chose du tireur.*" When the law was debated, Emile Ollivier asked for the insertion of a clause to the same effect; but his suggestion remained without effect, not because his opinions were ignored, but because it was considered superfluous, according to the well understood principles of the French regulations governing bills of exchange. (Dr. Georg Cohn, "*Zur Lehre vom Check.*" Cap. II, Sec. 3.)

Any and all of these letterings ought to be permissible.

Twenty-third Question.—Ought a check be indorsed?

Twenty-fourth Question.—Is also a Giro in blank permissible?

Both questions are to be answered affirmatively. But it is to be remarked that even in England indorsed checks are rare.

Twenty-fifth Question.—In regard to indorsements, ought the regulations governing bills of exchange (Titel iii) be practicable?

Articles 9 to 17 of "Titel iii" of the regulations governing bills of exchange lay down the rules for the circulatory powers of bills, the different forms of indorsements, the responsibility of an indorsement, what is permissible and the legal limitations of such securities, and other conditions, but to speak individually of all these matters in regard to the check will be beyond these opinions. With the exception of "acceptors" (Arts. 10 to 16), with regard to "acceptance" (Art. 14), which have no relation to checks, and in regard to "copies" (Arts. 11 and 12), which are not usual in check matters, the Articles 9 to 13 and 15 to 17 could only be applied to checks in a general way.

It must be carefully considered whether the regulations of Austria, Art. 14: "The indorser is responsible as to payment to every subsequent possessor of the bill," ought to be extended to the check. The necessary result, or, rather, the necessary premise, would be that the first of all the drawer, the primary responsive party, shall answer for the check. That would simply change the check to a bill payable on sight. The check's future depends upon its success in penetrating to the various classes of society, that it may attract friends for the custom—by us unknown—of having a banker, and by it the advantages (with us but small, but undeniable,) of bank connections may be demonstrated, *ad oculos*, to dealers and private capitalists, as well.

He who believes that the rigid regulations governing bills of exchange would contribute to make the check "beloved," forgets that we still have in Austria many commercial men who step aside from the bill of exchange with great reverence. Would private persons be prejudiced? Would a man living on his rents; civil officers; military officers (who on the whole cannot issue bills of exchange); wives or administrators put their signatures as drawers or indorsers on documents, which they, if the drawee did not offer prompt payment, would be compelled to pay, together with cost, within three days, under threat of execution on their effects, and without any warning whatever? If the check is to be made a merchandise of paper exclusively, and its circulation limited to that between large and smaller business houses, then it would be well to surround it with rigid rules. But, in that case, one must not forget that the check has been cut off from the larger spheres of the popular

Twenty-sixth Question.—Shall, in behalf of a continuance of right of regress in the case of non-payment, the protest be considered absolute, and, if so, ought the regulations governing bills of exchange (Titel xvi) apply in such cases?

Inasmuch as the timely presentment of the check must be proved, together with the fact of its non-payment, in order to realize the possessor's rights to regress, some form of this proof must be adopted. The banker's declaration affixed to the check, that the check will not be paid, would be sufficient as proof, if it be done legally and in the name of the banker's firm, not in the signature of the cashier or another employe. If the banker refuses to make such a declaration, then the possessor of the check, in order to maintain his rights of regress, would be obliged to make a formal protest through a notary, or other officer of the law. For such cases, the regulations governing bills of exchange would apply.

Twenty-seventh Question.—Ought the regulations governing bills of exchange (Titel viii) apply to the right of regress and the means of its execution?

We can only apply the regulations of Articles 41 to 55 inclusive, in any way to the legal aspect of check matters.

First of all, for the duration of regress right against the drawer (Art. 41, regulations governing bills of exchange), it ought as little be necessary to make a protest, as such an one is necessary against the acceptor of a bill.

A protest of checks ought not to take place after a banker's concourse has been declared.

In regard to the "springende" regress of Art. 49 of the regulations governing bills of exchange, it must be confessed that we have no experience at all as to whether it would apply to checks or not.

The idea that both merchants and non-merchants should use checks speaks against it. It would be sufficient that any possessor for the time being would have regress against the preceding indorser, and any possessor having regress against the drawer.

Twenty-eighth Question.—In regard to limitations, ought the regulations governing bills of exchange (Titel xiii) apply; and in regard to amortization, those of Titel xi?

It would be well to recommend short limitations and terms of amortization.

Twenty-ninth Question.—In the case of non-payment, is the bank responsible to the drawer?

Answered in the Eighteenth Question.

Thirtieth Question.—Must the check be receipted?

It is not necessary to treat this question in the Check-law. The

banker who pays the check is certainly justified in requiring receipt from the presenter of the check, when this is made out to a definite person or order.

Thirty-first Question.—Must the drawee prove the genuineness of the signatures? (Regulations governing bills of exchange, Art. 36.)

It is not at all necessary to treat this question in the Check law.

The banker cannot very well begin to examine into the genuineness of indorsements or receipts; he has to bear the loss, if he pays a check bearing a forged signature, if he has not, in agreement with his customer, refused such responsibility, when the check is written upon a blank furnished by himself.

Thirty-second Question.—Does the check in itself formally necessitate its redemption by the drawer, and eventually the right of regress, without regard to its drawing or its transfer?

The drawee is not responsible on account of the check, but solely on account of his agreement with his customer, and to him only.

As far as the question concerns the formal responsibility of the drawer, and incidentally that of the indorser, the question must be affirmed.

Thirty-third Question.—On account of troubles growing out of such frauds, would such regulations as crossed checks, or those of the German "Reichsbank," be recommendable?

Such regulations could not be created by legislative means. They must grow out of practice, but practice differs by country.

THE BANK OF ENGLAND'S DISCOUNT RATE.

The Bank of England has advanced its discount rate to five per cent.; a rate as familiar to American, as unfamiliar to English ears. It has often been asked why, with frequent lines of communication between the two countries, and with credit so good in both, the rates of interest should differ so widely. But these differences are passing away. Indeed, all over the commercial world one of the great changes is a greater uniformity in the rate of interest. The causes of these advances by the Bank of England are well enough understood. As that bank is the keeper of the reserve of London, it is needful to pursue a very conservative policy in holding that reserve for future operations. So, too, is the gold mountain of Great Britain, and while now and then a little gold is gathered from other places, and especially from the Bank of France, and other gold stores on the Continent, after

the Bank of England is the great source of supply, and when the amount has been drawn down very considerably, there seems to be no other way to protect the remainder except by advancing the rate of interest. This year the withdrawals from the bank have been heavier than usual, and still other withdrawals are expected to go to South America. It has been said that those sending gold to the Platte country have been very cautious in collecting their supplies in London, in order to disturb the market as little as possible; but the Bank of England knows well enough what must be done in order to collect the amount still needed for shipment, and has imposed this high rate of interest in order to protect its own supply as securely as possible. Perhaps, too, some gold may be shipped to our own country, and this would doubtless be the case if the rates of interest were advanced here, or continued even where they are much longer. So, too, there is a temptation to buy on this side, because of the downfall in stocks, and all these influences have been well considered by the directors of that great institution in advancing their rate. The following table, giving rates and changes from 1885 to the present time, will be read with interest:

1885—	Rate Per Cent.	1887—	Rate Per Cent.
January 1 to January 29.....	5	January 1 to February 3.....	5
January 29 to March 19.....	4	February 3 to March 10.....	4
March 19 to May 7.....	3½	March 10 to March 24.....	3½
May 7 to May 14.....	3	March 24 to April 14.....	3
May 14 to May 28.....	2½	April 14 to April 28.....	2½
May 28 to November 12.....	2	April 28 to August 4.....	2
November 12 to December 17.....	3	August 4 to September 1.....	3
December 17 to December 31.....	4	September 1 to December 31.....	4
Year's average.....	2.92	Year's average.....	3.34
1886—		1888—	
January 1 to January 21.....	4	January 1 to January 12.....	4
January 21 to February 17.....	3	January 12 to January 26.....	3½
February 17 to May 6.....	2	January 26 to February 16.....	3
May 6 to June 10.....	3	February 16 to March 15.....	2½
June 10 to August 26.....	2½	March 15 to May 10.....	2
August 26 to October 31.....	3½	May 10 to June 7.....	3
October 31 to December 16.....	4	June 7 to August 9.....	2½
December 16 to December 31.....	5	August 9 to September 13.....	3
Year's average.....	3.05	September 13 to October 4.....	4
		October 4 to —.....	5

One of the facts clearly brought out by these tables is that the rates are always higher during the last three months of the year, and for the reasons above given, to protect the gold supply. The New York *Stockholder*, in commenting on the above table, says:

"In 1881, for instance, the rate was advanced to 4 per cent. as early as August 25, and to 5 per cent. on October 6, remaining at the latter figure until January 30, 1882, when it was further advanced to 6 per cent. Looking into the causes which produced these conditions, we find that in 1881 money was remarkably easy all through Europe. For two years the Bank of France had been losing heavily, but it seemingly regarded the movement with much indifference, keeping its discount rate so low that the other continental banks were loath to make a change. London

was the dearest market in Europe, the average official rate for the year being, as will be seen from the table, 3.48 per cent. This, however, resulted in bringing but little gold to the bank's vaults, because the contractors for the Italian loan then brought out, bought the metal almost without regard to cost, to say nothing of the movement towards this country, our net gold imports for that year being \$57,795,077, of which, however, \$29½ millions were imported during the first six months. In 1882 business in England was depressed, and the advance in the rate 6 per cent. in January was the result of financial difficulties in France, assistance being drawn from London to tide them over and avoid a panic. In that year we shipped wheat liberally, and it may not be amiss to call attention here to the fact that it was dollar a bushel wheat at that time. Still, our net exports of gold for that year amounted to \$25,315,551. This was wholly chargeable, however, against the first six months of the year, when the net exports were over \$28,000,000. It is to be remembered that during all the current year the trade balances have been against this country, yet our net gold exports for the eight months ended August 31 were only \$13,191,037. The drain upon our resources would have been vastly greater but for the liberal purchases of gold stock and bonds for European account. Some people have conceived the idea that a large proportion of these purchases were for speculative account, and the danger has, therefore, been held to be that an effort on the part of the Bank of England to get gold, resulting, as it would naturally, in dearer money, would cause these securities to be unloaded freely, bringing possible demoralization to this market. The situation does not seem to us to justify this theory sufficiently to cause any alarm whatever among the holders of stocks."

THE SILVER MARKET.

The rise in the price of silver of five cents an ounce has been caused, so it is affirmed, by the action of several wealthy speculators in buying the supply in the market, expecting to sell it to several of the continental governments which had given orders simultaneously for the purchase of silver. It is impossible to ascertain what proportion the purchases on account of governments bear to the purely speculative purchases. But if it be true, as is evidently the opinion of the market, that the government orders were for definite amounts, and have already been satisfied, it appears probable that a decline in the price is imminent. It may be, of course, that the Russian Government is preparing for the resumption of specie payments in silver, but if, on the contrary, it is increasing its note circulation, it seems difficult to understand why it should buy silver very largely.

The *Engineering and Mining Journal* says that "it is perhaps worthy of note that this rise has followed an advance in value in most descriptions of produce, whereas in the past its increase in value has generally preceded the improvement in price of produce. The importance of this advance in the price of silver depends

whether it is due simply to speculation, or whether it has some more tangible and durable foundation. The short European crops must create, or, to be more accurate, have already created, a greater demand than usual for wheat from all quarters, including British India, and at higher prices, and the increased sum to be paid for the Indian crop must be provided for, to a great extent, in silver.

"Then, again, China, towards which country the eyes of the whole silver-producing world have long been turned as a very important market for the metal, is beginning to open its gates to the pressure of modern progress, and from being simply 'ajar,' they may soon fly wide open and invite the world to build its railways, open its mines, and create metallurgical works of every description. We are not at all convinced that the exploration of China's great natural mineral resources, and the development of manufacturing by its countless hosts of industrious, intelligent, and frugal inhabitants will be of benefit to the industries of other parts of the world; but while these improvements are being made, China will certainly afford a large market for silver, and as our total exports of the metal last year exceeded our imports by only about \$9,000,000, the price of the metal may well be maintained at or above its present level."

AMERICAN BANKERS' ASSOCIATION.

The annual convention was held at Cincinnati, Ohio, on the 3d and 4th of October. The president, Mr. Logan C. Murray, of New York, called the convention to order at 11 o'clock A. M., introducing Rev. Dudley Rhodes, who opened the session with prayer.

The president invited the vice-presidents and executive council to take seats upon the platform, after which the Hon. James Espy, president of the Cincinnati Clearing House and of the Ohio Valley National Bank of that city, offered an address of welcome.

The president then delivered his address.

"Fourteen years ago," he said, "a small company met in New York to form what soon afterwards became the American Bankers' Association, and but two or three of that number are with us to-day. As was then announced, our object was to form a more perfect social and business bond within the fraternity throughout the Union. All about us lay the wrecks of the financial crisis of 1873; vast territory was being opened in the great Northwest; the South was beginning to feel conscious of undeveloped resources of wealth. From that day to this it has been our constant endeavor to place the hand of any reputable man from the remotest part in the hand of any other whose interests might lie along the same lines. Is it not so that it has proven a wise thought, for untold millions have gone into distant States within these years, and many, many friendships have been formed which have led to wonderful business accomplishments; meantime, political changes have been accomplished within these years without severe friction, and, politically speaking, 'It is all quiet along the Potomac to-night.' May

it not be possible that we have been silent workmen in a wonderful development? I assume that it will not be doubted that never in the history of the world has there been such a march of civilization, mighty in its conception, tremendous in its accomplishments. The nations of the earth behold it in wonder, and the pride of American citizenship girdles the earth. Yes, we have had a powerful hand in it all: money, intelligence, and truth are the great pacificators and adjudicators; these have been the garb of the pioneer, and we salute them at the far front.

"On all subjects which have touched us in any manner we have been bold to declare for the highest principles, daring to inscribe upon our banner living, lasting utterances, regardless of sections or political affiliations. Useless war taxes were abolished under repeated demands; tardy, yet accomplished. Friends from the Pacific have held friendly intercourse with friends from the far South, or New England, at many hospitable boards; indeed, a nation of bankers have come to know each other as never before, and hearts that had grown cold met again like parted streams, and mingled as of old.' Yes, it has been worth all it has cost, in any light we view it, and so will continue till each in his turn has reached far towards the sunset.

"Doubtless many subjects of importance have suggested themselves to your minds for discussion at this meeting. We have the surplus question and its relation to the tariff; the national bank system and a basis for national bank circulation; the silver dollar question; Federal and State bank taxation; immigration laws; the Interstate Commerce Act; fall of prices; the formation of trusts; a bankrupt law; corners in breadstuffs; the reconciliation of capital and labor, equal taxation of all money lenders, whether they be banks, insurance companies, trust companies, or foreign private bankers, etc. All of these are living, important questions to us. The first of these, the Treasury surplus, is closely allied to the tariff; the people will soon be called upon to answer it. There is a suggestion which is worthy of emphasis; a heavy surplus in the Treasury is the best backbone the banks can have; commerce demands a strong reservoir, which the banks are not always able to supply; it gives confidence in panics and relief in times of stringency; a depleted Treasury would mean over-strained banks. There is a moral question involved in lowering the Government income; the Government owes fifteen hundred millions of debt, four-fifths of which is interest-bearing; both principal and interest has to be provided for, and good faith demands that it shall be provided for as in any other good business management. We should hear a different song if we had bad crops and consequent low custom. We have been sung to sleep in this matter by great prosperity. There is an irrepressible conflict to hang over this country in the tariff question, and this association needs to look at it in the light of the two suggestions above, to wit: Always a strong surplus in the Treasury, and good faith in the payment of the Government debt, by a sufficient income from the source presupposed and tacitly agreed upon at the time the debt was created.

"Next we come to the maintenance of the national bank system. In 1863 the Government of the United States, irrespective of State lines, took hold of the bank question and made it a national one, inaugurating a state of perfection which I believe is unparalleled in the history of finance among the nations of the world.

"This child of the war between the States, born in the travail of the very soul of the nation, is to-day full-grown, of five-and-twenty years, comely, substantial, and has not been disappointing. Hard money was scarce in 1861. There had been built upon this limited supply, through

the channels of credit, a massive structure—suddenly, as the storm arose, the sky became dark, and the curtains of night were let down around State boundaries; with these parcels of credit, known as State currency, far from home, with no foster parent hand near by to protect it, intercourse cut off, we found ourselves depending upon a broken staff, which was but as chaff in the mighty storm; commercial ruin on every hand, and our shores strewn with the wrecks of a dismembered, useless, and faithless medium.

"We found the Secretary of the Treasury knocking at the doors of our strongest moneyed institutions, asking from them aid in his great distress, appealing to the wisdom, courage, patriotism, and resources of an almost forlorn hope. How nobly he was met is a matter of history. In the light of subsequent years of the requirements of the Government, how little does this aid appear, which in the earlier days of 1861 Mr. Chase asked and received of the banks of the eastern cities—yet how sufficient for the day!

"Did you ever think when a commercial firm is in trouble how few are willing to advance the necessary sum to relieve it of embarrassment? A man who steps forward and supplies the necessary funds, without security, except faith, possibly in a dismembered firm, as was the case in this instance, would be considered a brave, almost a reckless man—and yet we find this very state of facts. The Treasury notes, or greenbacks, as they were then called, were fast sinking below par; immense sums were required daily (by many considered without warrant of law), and yet substantial, hard money was thrown into this river, which was growing wider and deeper day by day. Did it not require courage, patriotism, and wisdom to look into the future and act? Yet we found it so; and not until 1863, or two years afterwards, did the national bank system have its birth. Born of despair, of want, blood-bought, yea, in the very darkness of that midnight storm. Yet it is but the survival of the fittest. And now let us see if in the changes which have been wrought, and the uses which have been made of the system, of the unparalleled prosperity which has come to us as a nation, in which no people on earth has reached such mighty proportions under its influence, in which States have been born, capitals have been built, and broken capitals re-erected. The song of the harvest has come and gone and come with ever-increasing prosperity, our granaries have burst with fatness. The world has taken notice of this marvelous development, and has sent hither men, women, and money to add to the rising stream. Communities have been free to lay hold of this privilege and advance their local industries. In the midst of this great prosperity we come to ask each other if the parent of all this prosperity, to a greater or less degree, is to breathe its last—if its strong arm is to be stilled, and we are to look for something better, which is something more uncertain. And shall we wonder that men are perplexed, and that you gentlemen of this association are bewildered, when you look into the future and ask what is to supply the vacuum caused by the decay of the national banking system? I for one want to answer back in a voice not to be misunderstood, without hesitancy: Do not fear; the national banking system is not going to be destroyed. In the fullness of time it will be yet better established. It was created for the people, by the people. In more stormy days than these, in times of trouble meanwhile, it has answered all reasonable requirements. It has worked smoothly in harness, and for those parts of the machinery which are disabled we will supply new parts, just where the old are worn out or cease to work; but as for the machine itself, it will go on, and should go on, because it has been a

faithful friend to every enterprise in whatever locality and under whatever circumstances.

"Let us divide the system into two parts, as it were, and treat them as they may be. First, there is the Treasury of the United States, the Secretary charged with certain duties, the Comptroller of the Currency the executive officer, with each of the two thousand odd institutions in every section of the land reporting directly to him, responsible to him, and he to the country at large—and by far his greatest responsibility is the care, faithful preservation and safe return to the depositors of the great mass of the deposits of the people made with these institutions. This is one part, and the great part of the system—the care of the deposits of the people, and the careful and safe loaning of these deposits to the commercial and manufacturing community by each institution, all under his general supervision.

"Now we will come to the next part of the business of the system, and that is, issuing note circulation. Does it occur to you how small a proportion of the circulation of the United States to-day the national bank circulation is to the whole? Let us say it is about one-fifth part. Now let us assume that this shall gradually be cut off—as undesirable as that is—it is gradually declining while other mediums of circulation are advancing in volume. Now for a practical suggestion: We must remember that money, actual money, is about 4 per cent. only of all commercial transactions; credit and credit alone supplies the other 96 per cent.; however we look at it, it falls in importance. Risking its constitutionality, introduce the shortest possible bill in Congress; it would read thus:

"Any National Banking Association may be permitted to be organized, and those already organized shall not be required to lodge any bonds of the United States with the Treasury, provided such National Banking Association does not elect to take out circulation, and that all laws heretofore enacted requiring any deposit of bonds are hereby repealed."

"Now I do not think any national bank or any other bank should emit any bill or note for circulation without it is secured. Is it not true that there are very many national banks in the United States to-day, which do not issue circulation, even though banks of a capital of \$150,000 and above are required to lodge but \$50,000 of bonds with the Treasury, and some of these do not take out circulation on those bonds—whereas a small bank in Dakota is required to lodge one-fourth part of its capital, say if it is \$50,000 it is required to lodge \$12,500 of bonds with the Treasury, whether it takes out circulation or not. Why is it so? If they issue no circulation, then no bonds should be required. If large banks to-day are not issuing circulation on the small amount of bonds required, say \$50,000, even though its capital be five millions (as is the case), then why require one-fourth part of the capital of a small bank to be first invested in a high-priced bond before beginning business? Therefore repeal that part of the National Bank Act which requires a deposit of United States bonds, hence that bank is to receive no circulation. If it choose to lodge bonds, then give it the privilege of issuing circulation on them, as of old. As to the constitutionality of chartering a bank without circulation, let us test the question.

"I will take the case of one national bank in New York which has five millions of capital, and it has only fifty thousand dollars of bonds at Washington, and it has taken out no circulation on those bonds. What is \$50,000 to \$5,000,000 of capital, and what an unjust proportion to require a small bank in Dakota of \$50,000 capital to put up \$12,500

of bonds? The thing is inconsistent, unreasonable and foolish. We can have national banks and let the national bank circulation pass out of existence as the bonds are called. No friction, except constitutional questions, I think, to require, say \$1,000 bonds only by each bank, and circulation on it would settle that.

"Now, this leads me to answer that which possibly is occurring to your minds to ask: What is the use of a national banking system if that system does not furnish a currency? I think this is reasonably answered in the fact that the national currency is but about one-fifth of the total circulating medium to-day. We have at least six times as much gold in the United States to-day as we had in 1861. We have two hundred millions more silver coined than we had in 1861. We have a great volume of United States notes in existence, which are not being diminished. We can trust to the future for enough of something as well secured as the above to fill up this one-fifth of national bank currency as it vanishes. Can we not trust the future for that? But I repeat, in the name of all that is dear to us of commercial prosperity, of experience, of enlightenment, and the progress of a quarter of a century, do not let these well-managed banks be destroyed as a system, simply because there is a law requiring some sort of lodgment of a very minimum amount of United States bonds, and absolutely no law requiring a note issue thereon. Indeed, to my mind the suggestion is preposterous. Circulation is not valuable to the national banks as an income. I doubt if the banks as a whole make any money on the circulation they issue. They will be perfectly willing to let that part of their business go, if the people are content. For I have tried to show you that it is not a very important factor in the life and existence of national banks.

"I will not enter very far into any suggestion as to what would be practicable and desirable in lieu of United States bonds, upon which an issue of circulating notes may be made by national banks when all the United States bonds have matured and passed out of existence. I am better content to plead for the organization and maintenance, under the present espionage by the Treasury, of the banks in securing to the people in an intense and unknown degree the safety of their savings, the conduct of their daily business by this class of institutions, and let the question of circulation sink into utter insignificance. Yet the last year has positively demonstrated that a crisis in the system has been reached, and will continue if the old lines are adhered to. It has been suggested, and I recommend that it be not relegated to oblivion without discussion, to lay a tax of two and one-half per cent. on circulation to be issued by any bank, such bank taking out an amount equal to half its paid-in capital, the Government requiring no security for guaranteeing the circulation. This accumulated tax fund would be sure to cover any general deficiency in failed banks. Let us hope that Congress will be swift to settle this vexed question.

"The national banks paid \$1,602,137 tax to the United States on circulation last year. Did the Government need this tax, or was it just the old habit of taxing somebody, especially a bank? We ask that it be taken off.

"But what of the silver dollar? Has not this Association repeatedly placed itself upon record as to the continued coinage of the dollar, and lived in hope and anticipation of unity of action by the nations? The Royal Commission is certainly looking forward to an endeavor to get a unity of action; meanwhile, our two great political parties are drifting into free coinage. Hear what one of them says in a declared platform:

'The Republican party is in favor of the use of both gold and silver as money, and condemns the policy of the Democratic administration in its efforts to demonetize silver.' Now hear what the other great party says: 'We believe in honest money, the gold and silver coinage of the Constitution, and a circulating medium convertible into such money without loss.'

"Who, then, is now standing against free coinage? Neither of the political parties is opposed to it. This is very impressive. This also reminds me of the Irish cabman, when a gentleman said to him, in Dublin, 'See here, driver, I ordered a smart trap to take a drive in Phoenix Park, and you come around in rags not fit for a beggar.' He answered: 'I know it, yer honor, and I would like to wear fine clothes, but there's not a tailor in all Dublin as can take me measure, I'm that devilish ticklish.' We will rest our case without recession from our former declaration, ticklish as it is in politics. Our only hope is in international co-operation for a common standard."

The next gentleman who addressed the convention was Mr. Charles Parsons, of St. Louis, first vice-president of the association, who said:

"We are met here, gentlemen, in this goodly city of Cincinnati; she has been called the Queen City of the West for many years, and was originally named in honor of and after the distinguished society formed under the auspices of the Father of his Country, to perpetuate the memories and friendships formed in the struggle for independence by the officers of the revolutionary army. The society has lapsed, but the city still lives and thrives, and will ever continue to perpetuate its memory. Cincinnati is celebrated for many good things and many good deeds of her citizens, especially for her magnificent patronage of the arts of music, of painting, and the manufacture of those things which refine the taste and elevate the mind; her West, her Springer, her Probasco and her McMicken have, by their liberality, shed honor on her name. Such men are noble examples to the world. Cincinnati is happily placed in the Empire State of Ohio, which is situated between the East and the West, imperial in size and rich in agricultural resources, bounded on the north by a great inland sea, and on the south by a great river, across which she is forever shaking hands with her hospitable sister, noble old Kentucky. I will not dwell on her immense development in manufactures and the arts, but cannot pass without calling up the memories of some of her great men who have lived, and of one who still lives, distinguished in financial history. First among them, our thoughts must involuntarily turn to that great man, physically and mentally great, who, at the commencement of a great and famous administration, was called upon to take charge of the Treasury of the United States as Secretary in the cabinet—a name which cannot be spoken without calling to mind the struggles attendant of that four years of effort to maintain the supply of funds needed to carry on a gigantic war. It may well be said of him, as Webster said of Hamilton, 'that he smote the rock of the national resources, and abundant streams of revenue gushed forth.' To gladden and refresh the heart of the weary soldier he called for money, and from the hidden resources, the dark closets of the people, liberal sums came at his bidding. His services can never be forgotten; and more especially did he demonstrate his ability in the successful inauguration and establishment of the national banking system, which, after a trial of twenty-five years, has proved itself an inestimable blessing to the country. It is a matter of doubt if the needed funds to carry on such a war as we had in hand, could have been provided but for this system. Aside from the large

sum of national bonds taken in their formation, each bank at once became an agent of the nation to dispose of and place among the people the enormous issues required, and thus was made an invaluable aid to the public credit. When we consider the condition of the country before the war as to banks of circulation, when multitudes of them were existing in out-of-the-way places, in swamps and forests inaccessible, which sent forth their issues, not to be a legitimate currency redeemable at the pleasure of the holder, but only to rest like a nightmare on the business of the country, producing only stagnation and distress, we can but hope that no circumstances shall arise by reason of which we may be relegated to that miserable condition of unnumbered banks issuing circulation under State charters. For relieving us from this state of things, and for his great services in that supreme struggle when the fate of the nation trembled in the balance, let us honor and revere the name of Salmon P. Chase. But there is another name, alas, also gone into the everlasting sunlight beyond the river, who in a most trying time came to the rescue of our financial system. When the immediate need of the greenback issue was over, and sound financiers thought it was time for providing for their redemption, there arose a class of men who were advocates of a permanent continuance and enlargement of this species of currency, which was originally limited by law to \$400,000,000—those men called the currency 'fiat' money, money literally made by a word, and which could easily have been unmade by a word. No means were to be provided for their redemption; and the bold, bad proposal was made to issue as many of them as would equal the whole debt of the United States, and then say to the bondholders, 'Come and take this stuff or nothing.' At this time, when it seemed as if a large proportion of politicians merely would go and join this false notion of finance, and our system of currency would become as worthless as the French assignats, then nobly stood up a man from the State of Ohio, in the lower house of Congress, who, with others, braved the craze of the hour and showed the utter falsity of the principle. He also delivered, in old Faneuil Hall, in Boston, a speech on this and other subjects, financial and economical, that seemed to me so full of sound, practical sense, that I ordered 10,000 copies of it—printed and distributed them wherever I could. Thanks to James A. Garfield and kindred spirits, this heresy did not prevail.

"But Ohio has not lost all her great men; there still lives in this State one to the manor born, who in many respects is perhaps the superior of all—one who, for long years in the Senate of his country, and in the high post of Secretary of the United States Treasury, has well earned the plaudits of his countrymen. At this time there exists not in the list of honorable gentlemen composing the Senate of the United States a man who is his superior in knowledge of financial affairs, or with a greater disposition to use that knowledge for the common benefit. Looking back to the days of the war, and later, to the time when a resumption of specie payments was agitated, and the bill passed ordering it, and still later, when a deadly onset, a war to the death, was made against that most desirable object, I recall his services with the utmost pleasure. His readiness of reply, perfect mastery of the subject of finance, and especially of the finances of this country, were shown in the meetings held between him and the house committee on the question of resumption. For his long and valuable services in the finance committee in the Senate, and for his aid in the vital question of resumption of specie payments, the bankers and people of the United States owe a debt of gratitude to the Honorable John Sher-

man. Time has shown the wisdom of his action and the wisdom of all those who labored with him in this regard. No such universal failure of commercial men followed as was predicted, and the premium on coin fell from day to day until it vanished, and the means provided were found ample to maintain the continued payments."

A paper prepared by Mr. Edward Atkinson, of Boston, "On What Shall be the Future Instruments of Exchange?" was then read, and which will appear in full, with some comments, in the next number. A brief and very practical paper on bank examinations was read by Mr. James D. Sturgis, which is worth reproducing.

"A National Bank Examiner, in the course of his work, will perhaps observe many things which might escape the notice of the managers of an individual bank. The manager of a bank has his own ideas as to the conduct of the 'office' work, and the system (it cannot always be called 'system') by which he thinks he keeps a thorough knowledge of all the workings of the bank, especially of its assets and liabilities. The former, it appears to me, receives the greater part of the care and attention. The 'true inwardness' of the latter requires the stricter watch. In a small bank the managing officer may perhaps be able to detect discrepancies in the deposits readily, having comparatively but few accounts, and knowing them well. The certificates of deposit also may all come to his notice in such a manner that he may readily detect any attempt to manipulate them. In some banks a practice prevails of making partial payments on certificates of deposit. This is one of the most open doors to fraud, and is a practice which should never be allowed. A joint understanding between a bookkeeper and a teller may cause the books to show the deposits below the actual amount, and may be carried along regularly unless the bank has some method of checking it. Where a number of bookkeepers are employed some managers change them from one set of books to another, without notice. Pass-books should never be written up by the bookkeeper who keeps the account.

"The practice of many banks of having an examining committee, which is supposed to make a thorough examination of the bank from two to four or five times a year, is a good one; and in many cases such committee thinks that it has thoroughly done the work when it has proven up the cash bills, railroad bonds, etc., as compared with the bank statement as furnished to the committee by the manager or a bookkeeper. But how many of such committees ever attempt to check up the other side of the bank statement—the liabilities—and ascertain (if possible) whether the bank statement shows the extent of the liabilities; whether the balance of certificate of deposit account shows the true amount outstanding. If individual deposit accounts could be kept in the same way as accounts of correspondents, it would be a step in the right direction. I am satisfied that it can be done, and without any extra labor on the part of the bookkeeper. Such a system prevails in a large Chicago bank, where it gives entire satisfaction to the managers of the bank, to the employees, and to the customers. A customer can present his pass-book to be balanced, and by waiting not over five minutes, can have it returned to him balanced, with canceled vouchers, no matter how large and active his account may be. This system is also a daily check on the correctness of the deposits as shown by general books.

"In the matter of the discounting of bills receivable. I think more system should prevail than obtains in many cases—in perhaps the majority of cases.

"The managing officer of a bank writes to his correspondent in some

money center, asking to have, say ten thousand dollars of his business paper re-discounted. The offering being satisfactory, and the loaning bank in funds, the paper is taken and proceeds credited to the bank, whose manager has asked for the loan, without further investigation. So far it is held that the purchasing bank is entirely safe, whether the manager asking the accommodation draws against it for his own private purposes or not. But would not a proper regard for the stockholders (the owners of the asking bank) require the authority of the board of directors that such re-discount was duly authorized by them? Should not specific authority for each re-discount so asked accompany the application? Does not the leading bank owe such a moral obligation to its correspondent? How many bank wrecks would have been avoided if such a course had been universally adopted. The manager of the borrowing bank may say, 'I cannot always get my directors together when we need money.' Then the stockholders should elect a board of directors which would give at least that much attention to the interests of the owners of the bank.

"The proving up of cash on hand, bills, railroad bonds, real estate, and the assets generally, is comparatively an easy matter. They are nearly all before the committee or the Examiner, and 'show up,' in *propria persona* to be sufficient (or not) to fill the amount as shown by bank statement. But the most serious question is, Is such amount the correct one?

"On the part of the manager of the bank it involves the question, Are my employees honest? On the part of the directors, Are our employees and our manager honest? On the part of the stockholders, Are we intrusting our means to the hands of directors who properly appreciate the position of bank directors? In this connection I want to say that my own observation shows me that the position of director in a good, sound, live bank, is one not to be lightly esteemed by the holder, or carelessly bestowed by the stockholders. The holder of the position (if a man of any business capacity) will have a better insight into the general business of the community, and will in consequence be better able to profitably shape his own business than he otherwise could. It should on that account, if no other, induce him to exercise his right as a director, and often investigate the detail of his bank's business, and fulfill the real position of a director.

"Many banks have too many directors; especially in the country. The by-laws of a bank perhaps require from nine to fifteen directors, and directors' meetings monthly (perhaps weekly). Record book shows perhaps three meetings a year. Why, says the Examiner, does not your board conform to the requirements of your by-laws? Manager says: It is impossible to get a quorum of our directors, except to elect officers or declare dividends. Such banks had better reduce the number of their directors to five good, live men, who will take the true part of directors, and who can offer a quorum whenever they ought.

"I want to say a word or two on the subject of deposit books and accounts. Many recent innovations in the shape of combined journal and ledger, so-called labor-saving books, are open to great objection, as they offer to employees, inclined to be crooked, excellent facilities. They are also difficult to investigate and check up. I have never seen any other deposit account books which in my estimation are as satisfactory and as readily checked up and verified as the good, old-fashioned three-column balance ledger and journal. To the officers and directors of a bank they certainly are the most satisfactory. While I believe in progress, I cannot consider any of the so-called improvements that have come under my observation, a change for the better.

"To S. H. D. and managers of banks I would say: Use your best endeavor to know your liabilities. The assets should show readily whenever you want to know them."

As the other papers read at the convention are not yet ready for publication, no mention of them can be made in this number. There may be added, however, that the secretary presented a lengthy and unusually interesting report, and the convention adopted the following resolution, which was reported by the executive council:

Resolved, That the American Bankers' Association, assembled at Cincinnati, recommend the passage of a bill by Congress, providing for the issue of circulating notes to any national banking association to the full extent of the par value of the same, instead of ninety per cent. of such par value as now provided by law, and also that national banks now organized or hereafter organized shall not be required to keep on deposit, or deposit with the Treasurer of the United States, United States bonds in excess of \$10,000 at the par value thereof, or not more than one-tenth of their capital stock if \$100,000 or less.

PROFITS ON GOVERNMENT DEPOSITS.

The *Philadelphia Record* says: "Some of those who are entirely unacquainted with the laws and customs governing the management of large banking institutions have indulged to a considerable extent in nonsensical statements concerning the profits that the national banks are erroneously supposed to be hiving out of the use of Government deposits. The truth is that it requires nice management on the part of the bank officials to get ordinary rates of interest out of such transactions. The Government does not place its funds in the care of any bank in the manner of an ordinary depositor, but requires to be first made secure by the deposit of ample collateral in the national Treasury. The regulations further require that Government bonds only will be accepted as such collateral—securities that are somewhat troublesome to obtain except at high prices.

"The rule of the Treasury is to allow any national bank a deposit equaling the par value of $4\frac{1}{2}$ per cent. bonds deposited, or of 110 per cent. upon the 4 per cents. As the latter are much the most abundant they have been chiefly used for the purpose. In order to buy \$100,000 of 4 per cents, the bank must pay at least 129 for them, involving an investment of \$129,000 in cash. After this parcel of bonds has been deposited with the Government, the bank becomes a national depository and will receive \$110,000 of the coveted funds. Out of this sum the bank is obliged by law to retain a reserve of 25 per cent., or \$27,500, in order to provide against any sudden call for a return of the money. This leaves a sum of \$82,500 that can be loaned to the bank's customers at a rate not exceeding

6 per cent. annually or.....	\$4,950
The bank will also receive 4 per cent. per annum upon the \$100,000 of bonds, from which must be deducted each year a proportion of the premium paid.	
The tables prepared for the purpose show the net annual revenue on this to be	
2.14 per cent. on \$129,000, or.....	2,760

Therefore the gross revenue derived from the investment of \$129,000 by a bank enjoying the constant use of \$110,000 national deposit is\$7,710

"If the same bank had simply invested the \$129,000 in the discounting of mercantile paper at the rate mentioned above—6 per cent.—the net revenue would have been \$7,740, which is practically the same profit that could be derived, as shown above, from the use of the identical money in obtaining a Treasury deposit. Some banks have obtained better results by borrowing the bonds, but the profit in such cases has been fully offset by the allowance made to the owner for their use added to the loss of interest on the 25 per cent. retained as legal reserve. The directors of the banks, who are usually men in mercantile pursuits, have generally insisted upon their banks obtaining the Government deposits for the sake of putting into public use the vast sums that the Treasury has absorbed from the high rates of customs duties paid upon importations. If the funds had remained with the Government, money would now command stringent rates, instead of being abundant for all mercantile purposes."

TAXATION.

UNITED STATES SUPREME COURT.

Whitbeck, County Treasurer, v. Mercantile National Bank.

Under Rev. St. Ohio, §§ 2808, 2809, establishing a State board for the equalization of returns of bank shares from the various counties for purposes of taxation, to hear complaints and equalize the value of such shares according to the rules prescribed in that title for equalizing real and personal property, and authorizing it to increase or diminish the value of the shares in any of such returns, according to the relative value of the shares in the other returns, such board has power only to equalize the assessed value of such shares among themselves; and an order made by it increasing the assessment of shares of a national bank above that of other property in the county is invalid, being within the prohibition of Rev. St. U. S. § 5219, providing against discrimination against such banks in State taxation.

Under Rev. St. U. S. § 5219, providing against discrimination in State taxation against national banks, where the laws of a State allow a tax-payer owning moneyed capital to make a deduction from the amount assessed against him of his *bona fide* indebtedness, no such provision being made for the indebtedness of holders of bank stock, they are entitled to such deduction, although they omitted to make demand therefor till after the return of the shares for assessment, and the session of the State board of equalization.

MILLER, J.—This is an appeal from the Circuit Court of the United States for the Northern District of Ohio. The Mercantile National Bank of Cleveland, Ohio, brought this suit against Horatio N. Whitbeck, the appellant here, as treasurer of Cuyahoga County, in that State, in which the City of Cleveland is located, to restrain him from the collection of certain taxes levied upon the shares of the capital stock of that bank. The substantial allegations of the bill are that, upon the assessment of the value of the shares of its capital stock for purposes of taxation, they were estimated at sixty-five cents on the dollar of their real value in money, while all other personal property in the City of Cleveland and County of Cuyahoga, including the moneyed capital in the hands of individual citizens of said city and county, was estimated at only sixty cents upon the same basis. This occurred in the following manner: The auditor of Cuyahoga County, in accordance with the rules and practice adopted for the valuation of other moneyed capital of individuals, fixed the taxable value of these bank shares at sixty per centum of their true value in money, and certified and transmitted the

same to the annual State board of equalization for incorporated banks. This board made an order increasing the valuation to sixty-five per centum, which latter value was certified back to the auditor, and by him placed upon the tax duplicate for the year 1885. This was delivered to the defendant, the treasurer of said county, for the collection of the taxes thereon. Another point made by the bill was, that while the statutes of Ohio permit the tax-payer owning moneyed capital subject to taxation to make a deduction, from the amount assessed against him on account of credits, of the amount of his *bona fide* indebtedness, no such provision is made in regard to the indebtedness of any holder of bank stock. The bill sets up as affected by this proposition the names of certain shareholders of the plaintiff bank, who claim that they should be allowed this deduction for their indebtedness upon the taxable value of their bank shares. The case was tried before the circuit and district judges, sitting together, and a certificate of a division of opinion was made, accompanied by a statement of the facts on which the difference arose. A decree was entered in accordance with the opinion of the circuit judge, enjoining the collection of the amount represented by the difference between sixty and sixty-five per centum of the actual value of the stock, and granting the relief asked for by the shareholders, who claimed a deduction on account of their indebtedness, except as to three of them.

As regards the allegation of a discrimination against the stockholders on account of the shares held by them, caused by the increase in the assessment of five per centum made by the State board of equalization, the matter is not altogether free from difficulty; but we are of opinion that there is such a discrimination as is forbidden by section 5219, Rev. St. U. S. It is certainly true that the tax upon personal property, including the moneyed capital of private citizens, in Cuyahoga County, is made upon an estimate of sixty per centum of its cash value in all cases except with regard to bank stocks, and that in regard to these the valuation is fixed upon the same basis at sixty-five per centum. It is probably the fact, as alleged by the counsel for the treasurer, that the State board having these stocks under consideration may have made a truer estimate, and may have equalized their assessed value over the entire State; but this equalization, from the very nature of the functions and powers of that body, merely has reference to bank shares as among themselves; that is to say, its purpose is to make the capital stock of all incorporated banks in the State equal in valuation for the purposes of taxation so far as relates to their actual cash value. This board has no other power than this; it has no capacity to equalize the valuation of bank shares for taxation as compared with other moneyed capital in the State. Such capital may, therefore, have a valuation very much below its real value, and even very much below the conventional rate fixed upon bank stocks by the action of this body; and that result almost necessarily follows in this case, from the nature of the powers which have been conferred upon it. While it has the power, and it is made its duty, to take the valuation of bank shares as reported to it by the auditor of Cuyahoga County, and make a comparison between it and the reports of the same character made to it by the eighty other counties in the State, it receives no such report in regard to any other moneyed capital. There is no means furnished it for the purpose of making a comparison of the proportion which the assessment sustains to the true value, as between the banks and the other moneyed capital of the State, in the different counties thereof. While it is not an absolute necessity that this method should result in a discrimination

against the national banks, it is one of the probabilities, as has happened in this case, that it may produce such a result which shall be unfavorable to those institutions. Section 2804, Rev. St. Ohio, enacts that an annual county board for the equalization of the real and personal property, moneys, and credits in each county, exclusive of cities of the first and second class, shall be composed of the county commissioners and county auditor, who shall meet at the office of the latter in each county on the Wednesday after the third monday in May, annually. It is provided that this board shall have power to hear complaints, and to equalize the valuation of all real and personal property, moneys, and credits within the county. It is under this statute that the assessment was made which the auditor certified to the State board of equalization. No complaint has been made that this assessment upon the capital shares of the plaintiff bank was in anywise unequal as regards the assessment upon other moneyed capital. The organization and method of proceeding of the State board of equalization for incorporated banks is provided for in the following sections of the Revised Statutes of Ohio, 1880: "Sec. 2808. (As re-enacted March 9, 1883; 80 Ohio Laws, 55.) The governor, auditor of State, and attorney general shall constitute a board for the equalization of the shares of incorporated banks, and for this purpose they shall meet on the third Tuesday of June, annually, at the office of the auditor of State, and examine the returns of said banks to the county auditors, and the value of said shares as fixed by the county auditors, as the same shall have been reported by the county auditors to the State auditor. Sec. 2809. (As amended March 9, 1883; 80 Ohio Laws, 55.) Said board shall hear complaints, and equalize the value of said shares according to the rules prescribed by this title for valuing and equalizing the values of real and personal property, and if in the judgment of the board, or a majority of them, the aggregate value of all the bank property so reported to said board by the county auditors is below its true value in money, they may increase or diminish the value of said shares by such a per cent. as will equalize said shares to their true value in money: provided, that said board shall not increase or reduce the grand aggregate value of bank shares as returned by the several county auditors by more than twenty (20) per centum." It is obvious from these two sections that the only power of this board is to diminish or increase the assessed value of the shares of stock by such a per centum as will make them equal among themselves, and that there is no power of equalization so far as other personal property is concerned, or in comparison with other moneyed capital in the hands of individuals. The language directing the board to proceed "according to the rules prescribed by this title for valuing and equalizing the values of real and personal property" does not authorize a comparison of the value of bank shares with that of real and personal property, but is only intended to have regard to the mode of procedure, such as laying before that body the reports of the county auditors, hearing complaints and equalizing the assessments as between the shares of the different banks. Therefore, in the order by which it equalized the various bank shares as among themselves, from all over the State, and certified this increase of five per centum upon the assessment to the auditor of Cuyahoga County, it had no purpose to change or to equalize the assessment in its relation to other moneyed capital of the State, of the City of Cleveland, or of the County of Cuyahoga. It is said, however, that the standard of comparison required by the act of Congress is the assessment of all the banks in the State with that upon moneyed capital all over the State, and that there is no evidence presented in this suit that

there was any discrimination against the bank if the standard of comparison here suggested is the one which should govern. There is evidence that the rule which was adopted by the board of equalization of Cuyahoga County, of fixing the assessment at sixty per centum of the cash value of the property, prevailed in eleven other counties in the State. It is also a fact that in regard to those counties the discrimination against the national banks, as compared with other moneyed capital, is established. This alone would be sufficient to establish a discrimination as to 23.6 mills out of the entire rate of 26 mills on the dollar of valuation; it being found as a matter of fact that 26 mills was the entire tax levied upon all the property in the County of Cuyahoga under this assessment, of which the amount of 23.6 mills was exclusively devoted to county and city purposes, and but 2.4 mills was levied for State purposes. While it might, perhaps, be plausibly said that, in regard to taxation for State purposes, the rule of comparison should include the whole State, it is equally clear that for the much larger proportion of tax levied for county and city purposes the assessment upon the moneyed capital of the citizens in such county and city should furnish the standard by which the inequality of taxation should be determined. As it has already been shown that the board for the equalization of the shares of incorporated banks had neither the authority nor the means to establish and equalize the assessment of the shares of all the banks of the State with the other moneyed capital of the State, we do not very well see how the oral testimony of witnesses offered to establish this uniformity of assessment could do so; and if it could, how it was competent to do it in the face of the fact that the board had no such power.

In regard to the deduction of their *bona fide* indebtedness, claimed on the part of certain owners of shares in the plaintiff bank from the assessment levied upon such shares, the court finds that no demand was made therefor, "either by the complainant or by any of its shareholders, until the 17th day of December, A. D. 1885; a date prior to the commencement of this action, at which time the entire process of the appraisement and equalization of the value of said shares for taxation had been completed, and the tax duplicate for said year had been delivered, in accordance with law, to the treasurer of said county for the collection of said taxes; but the laws of Ohio make no provisions for the deduction of the *bona fide* indebtedness of any shareholder from the shares of his stock, and provide no means by which said deduction can be secured." Under the decision in *Hills v. Bank*, 105 U. S. 319, we are of opinion that the bank was entitled to relief in the cases of all the shareholders named in the bill (except James A. Barnett, Robert L. Chamberlain, and James Parmalee), and that the fact that they did not make an earlier demand for the deduction of their indebtedness from the assessed value of the shares of their bank stock does not defeat their right to have it made by this bill in chancery, for the reason that the court expressly finds that "the laws of Ohio make no provision for the deduction of the *bona fide* indebtedness of any shareholder from the shares of his stock, and provide no means by which said deduction can be secured." This was precisely the case in regard to *Hills v. Bank*, in which this court said: "We are of opinion that, considering the decision of the Court of Appeals of New York, the action of the assessors in the case of Williams, and their own testimony in this case, it is entirely clear that all affidavits and demands for deduction which could and might have been made would have been disregarded and unavailable, and that the assessors had a fixed purpose, generally known to all

persons interested, that no deduction for debts would be made in the valuation of bank shares for taxation. It is, therefore, not now essential to show such an offer, when it is established that there were debts to be deducted, and when the matter is still *in fieri*, the tax being unpaid." In regard to all of the shareholders claiming this deduction, except Barnett, Chamberlain, and Parmalee, the court finds that the allegations of the bill are true, but that as to them they are untrue. It therefore granted relief by the injunction as to all of them except these three, as to which it was denied. It is to be observed, however, that the bank takes no appeal from the part of the decree denying relief to these three shareholders.

These principles require the affirmance of the decree of the circuit court; and, while there will be found in them a sufficient answer to the questions certified by the judges of that court, we do not think it necessary to make a more specific answer to each of them. The decree is affirmed.

DIVIDENDS AND EARNINGS.

The *Railroad Gazette*, in an article reviewing the action of the directors of the Chicago, Milwaukee & St. Paul Railroad, in passing the usual dividend, remarks:

"There are two distinct views as to the principle on which dividends should be declared. One is that a road should divide all or nearly all that it earns, year by year. The other is that the directors should estimate its probable earning power for a series of years, and so arrange accounts and expenditures that the sum divided should vary as little as possible from this general rate. The former is the English practice, the latter, on the whole, the American. Each has much respectable authority in its favor, each has its own advantages and its own dangers.

"Neither method affords complete immunity from fraud. Before we know what can be divided we must know the amount of net earnings, and this, of itself, gives much chance for manipulation. The gross earnings of a company are in most cases pretty easy to ascertain; but in order to know the amount of operating expenses we must know how much is to be charged to maintenance and how much to construction. If the finances of the road are managed on the English plan, maintenance charges will vary comparatively little from year to year. The policy is to make and pay for all ordinary repairs and no extraordinary ones, keeping the latter within as narrow limits as possible, and charging them to capital account when they become inevitable. Most American companies, on the other hand, if they had had a prosperous year, would make and pay for an unusually large number of improvements, sometimes charging them to maintenance account and sometimes meeting them by special appropriations for renewals. When a bad year comes they pursue the reverse policy, making as few repairs and renewals as they can; or, in the worst case, paying for them by an increase of floating debt, which they trust may be canceled when prosperity returns.

"The two methods may be fairly contrasted by saying that the English involves fixed maintenance and varying dividends; the American, varying maintenance and fixed dividends.

"The advantage of the former policy is that it gives less room for speculative action on the part of the directors. It is easier to estimate

the doings of the present than those of the future. If each year is allowed to stand by itself, there is less excuse for mistakes of judgment.

"On the other hand, a complete application of English principles to American railroad financiering would render the stocks of many of our roads wholly unsuitable for the small investor to own. English traffic varies comparatively little from year to year. That of many of our Western roads changes so rapidly that a man who depended upon their actual earnings for his income would find himself rich one year and poor the next. He might, of course, avoid this difficulty by investing in bonds instead of stocks; but it would be highly undesirable, on grounds of public policy, to have the stocks themselves cease to be a stable investment. Add to this the danger that, if a road in some of our States should divide the whole of its earnings in a prosperous year, it would probably be subjected to such adverse action by the State authorities as would prevent its having any more profits to divide for several years to come.

"These facts are quite enough to explain the practice which has hitherto prevailed in this country. But we are inclined to think not merely that the English method is more correct in theory, but that American railroads are likely to move in the same direction. There are several reasons for this. In the first place, as the country becomes more fully settled, variations in annual earnings become relatively less. This takes away the chief practical objection to the policy of dividing what is actually earned. Meantime the general rate of profit on investments grows less; and roads which have been arranging their accounts on a basis of a seven or eight per cent. dividend, find it increasingly difficult to do so. Sometimes they foresee the trouble in time to be able to content themselves with a moderate reduction. More often they keep up the old rate too long, in the vain hope of better times. This was the case with the New York Central until a few years ago; it seems likely to have been the case with the St. Paul until now; and we may expect the same experience to be repeated with other Western systems in the immediate future.

"The reaction against such a mistaken dividend policy is sometimes such as to aggravate the evil. The New York Central and other Vanderbilt roads have been paying the penalty of past misdeeds. Their high dividend rate tempted parallel railroad construction. This diminished their earning power, and its results could only be remedied by consolidation on disadvantageous terms. The companies were thus burdened by an inflated capital account, and in striving to atone for this error they have for some years divided less than they actually earned. In the financial practice of the present day we thus see, side by side, roads which are trying to keep up an unearned dividend, as a matter of past tradition, and roads which, having given up this attempt, are now at the opposite extreme; while each transition from one policy to the other gives rise to a dislocation of values and a flurry among investors. Such confusion cannot last forever. We believe that it will be remedied by an increased tendency on the part of our companies to divide what they have actually earned during the period in question, rather than what they have earned in the past or expect to earn in the future. The increased publicity of railroad accounts renders any other policy more difficult. The greater stability of railroad traffic which must come with the growth of the country will render this method the easier. Where it can be applied without too great fluctuations for the legitimate investor, it renders the task of railroad directors simpler, and greatly lessens, if it does not altogether remove, some of the temptations to the abuse of their power."

DEPOSITING WHEN BANK IS INSOLVENT.

UNITED STATES CIRCUIT COURT, E. D. MISSOURI.

Furber v. Stephens.

Where plaintiff deposits money with the receiving teller of a bank, a few minutes before the bank closes its doors, to be credited to his account, and the teller, not knowing of the coming failure, after crediting the money in plaintiff's pass-book puts the money and deposit ticket one side, and before entry is made in the books of the bank it closes its doors, and the money is, by order of the directors, placed apart, and in that condition delivered to the receiver, plaintiff can maintain replevin for the money so deposited.

THAYER, J. (orally).—This case has been submitted on an agreed statement of facts. From the statement it appears that plaintiff had been a customer of the Fifth National Bank for some time before its failure on November 7, 1887. Only a few moments before the bank closed its doors, he delivered \$762.50 in current funds over the counter to the receiving teller, to be credited to his account in the usual course of business. The deposit was entered in the plaintiff's pass-book, and the book was returned to him; but the teller laid the money aside, together with the deposit ticket, according to his custom when he was busy, so that the money did not become mingled with the funds of the bank. Before any entry was made to plaintiff's credit on the books, the bank closed its doors, and, by direction of the bank officers, the plaintiff's deposit was kept separate from other moneys, and in that shape passed into the custody of the receiver. It is conceded that, when the deposit was made, neither the plaintiff nor the receiving teller knew that the bank was about to suspend.

On the agreed case, there is only one ground upon which the plaintiff can recover, and that is, that the reception of the money under the circumstances stated was such a fraud on the part of the bank as entitles the depositor to reclaim the money in an action of replevin. Whilst it is the rule that a deposit made with a bank of current funds creates the relation of debtor and creditor as soon as the funds pass into the custody of the bank, and even before any entry has been made in the books of the bank, as distinguished from the depositor's pass-books, yet there are several well-considered cases that hold that if a bank receives money from a depositor on the eve of suspension, knowing that it is insolvent, and about to suspend, such conduct is fraudulent, and entitles the depositor to reclaim the deposit if the particular money can be identified, and has not become mingled with the funds of the bank. I refer to the following cases: *Cragie v. Hadley*, 99 N. Y. 131, 1 N. E. Rep. 537; *Sadler v. Belcher*, 2 Moody & R. 489; *Chaffee v. Fort*, 2 Lans. 86. Counsel for the receiver lay stress on the fact that the receiving teller did not know that the bank was about to suspend when he received the deposit, but I regard that fact as immaterial, if the officers of the bank knew that it was about to suspend business. The teller was merely a subordinate agent of the bank, and the corporation cannot shelter itself behind his ignorance, if the managing officers of the corporation were acquainted with its condition when the deposit was made. Inasmuch as the agreed statement admits that the bank was insolvent, and that it closed its doors only a few moments after the money was received, it must be taken as a conceded fact that the directors or managing officers did know that the concern was insolvent, and was about to suspend operations, when the deposit was made. The subsequent action of the officers

of the bank in directing the receiving teller to keep the deposit separate, so that it could be identified, is an admission of such knowledge on their part, and likewise an admission that the depositor had the right at his election to reclaim the money. The receipt of the money from the depositor under such circumstances, especially if the bank officials had made an effort to hold the money, and treat the depositor as an ordinary creditor, would have operated as a fraud on the depositor, and would entitle him to reclaim the money deposited, if susceptible of identification. There is no possible distinction in principle between receiving money on the eve of suspension, knowing that a suspension is about to take place, and the purchase of property by an insolvent person with a preconceived intent of not paying for it. In both cases the depositor and the vendor may reclaim that with which they have parted, if it can be identified in the one case, and has not passed to an innocent purchaser for value in the other.

As this is an action of replevin, the judgment will be that the plaintiff is entitled to the possession of the money deposited, and the damages for the detention will be assessed at one cent.

LEGAL MISCELLANY.

AGENCY—REVOCATION—POWER.—An agency coupled with an interest may be revoked, if so agreed. [*Bank v. Mortgage Co.*, U. S. C. C.]

BANKING—CASHIER—DEFALCATION.—Directors of a bank are not liable for the frauds of a cashier concealed by false entries, requiring a skilled accountant to find out. [*Bank v. Caperton*, Ky. Ct. App.]

BANKING—DIRECTORS—LIABILITY.—Directors of a bank who serve gratuitously are not held to that degree of care and diligence as they otherwise would be. [*Bank v. Caperton*, Ky. Ct. App.]

BILLS AND NOTES—DEPOSIT—ASSIGNMENT.—The assignee under a general assignment takes money in a bank as against the owner of a draft drawn thereon which was not presented till after the assignment and the receipt of the funds by the assignee. [*Ray v. Hiller*, S. C. Colo.]

USURY—PENALTY—NATIONAL BANKS.—Usury is consummated by a national bank when payment is made and appropriated to usurious interest. [*Stout v. Bank*, S. C. Tex.]

BANKS AND BANKING—INSOLVENCY.—Circumstances stated under which the proposition for a settlement by a portion of the depositors of an insolvent bank will not be accepted by the court in opposition to the wishes of a majority of the depositors. [*Williams v. Kalliard*, S. C. Chan. N. J.]

BILLS AND NOTES—COLLATERAL—SUITS.—A note secured by mortgage, issued by a planter to the order of his merchant, to make good all advances, received as collateral, may be sued on by the latter for the amount of the advances. [*Chaffe v. Whitfield*, S. C. La.]

BILLS AND NOTES—NOTICE OF DISHONOR.—The holder of a promissory note has until the expiration of the day following the day of its dishonor to notify an indorser residing in the same town; a non-resident indorser he may notify by mail of such second day. [*Marks v. Boone*, S. C. Fla.]

NEGOTIABLE PAPER—DELAY.—Where the payee of an accommodation check transferred it to the plaintiff, giving him a mortgage to secure it

and stipulated that plaintiff should not present it for fifteen days, and afterward absconded, and plaintiff afterwards presented the check, and payment was refused by the bank: *Held*, in a suit by plaintiff against the drawer, that the question was one of fact, and that the evidence supported the judgment in favor of the plaintiff. [*Wilburn v. Williams*, S. C. R. I.]

NEGOTIABLE PAPER—DEMAND AND NOTICE—PROTEST.—If the maker of a note has a known domicile in the State, the holder must present it for payment there, although he knows or believes that the maker is absent. [*Glaser v. Rounds*, S. C. R. I.]

USURY—DEFENSE—ESTOPPEL.—A gave a usurious note, and not paying it at maturity, gave a new note for the amount and an additional sum. He induced B to take it up and look to it for the tuition for A's children. The note was afterwards transferred: *Held*, that A was estopped from setting up usury. [*Henderson v. Hartman*, S. C. Miss.]

INTEREST—NOTE—MATURITY.—Where a promissory note contains an agreement to pay interest in excess of the legal rate, such excess will determine at the maturity of the note, unless otherwise provided. [*Sherwood v. Moore*, U. S. C. C. Ga.]

USURY.—The defense of usury is personal to the debtor. He only can avail himself of it before a court or commissioner exercising judicial functions. [*Barbour v. Thompkins*, S. C. App. W. Va.]

USURY—PLEADING—STATUTE—MORTGAGE.—Construction of South Carolina statute of 1882 concerning usury. When a defense is partly a defense to the action and partly a counterclaim, the plaintiff should resort to a motion to have the defense made more distinct, and not to a demurrer. [*McGown v. McSween*, S. C. S. Car.]

USURY—STATUTE—REPEAL—CONSTITUTIONAL LAW.—The statute of Connecticut of 1872, authorizing contracts for interest in excess of 6 per cent., is constitutional, and the act of 1873, repealing it, does not revive the act of 1849, which authorized a debtor who had paid usurious interest to set it off against the principal debt. [*Hinman v. Goodyear* S. C. Err. Conn.]

PEASANTS' LAND BANKS.

A report just published from the British Consul-General at Warsaw contains the translation of a new law extending, with certain alterations, the scheme of peasants' land banks, established in Russia since 1882, to the Kingdom of Poland. Under it, peasants of Russian, Polish, Lithuanian extraction may, with the approval of the local Commissioner of Peasants' Affairs, obtain loans for the purchase of lands which do not belong to peasants, and which are not burdened with onerous servitudes, such loans not to exceed 90 per cent. of the valuation made by the officers of the bank. In Russia proper the maximum is 75 per cent., and in the case of Poland, the additional 15 per cent. is to come from a special fund instituted for that country in 1860, to free peasants from dependence on the landlords. The balance of that fund, which amounts now to 2,000,000 rubles, is to be handed over to the land bank. The land purchased in this way cannot be sold until the debt to the bank is cleared off; nor can persons who are not peasants under the definition of law become purchasers or owners by inheritance or gift. In either of the latter cases, the disqualified person into whose possession the land may come is bound to sell within a year. The limit of allotments is 8 1-5 years.—*London Times*.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

NATURE OF THIRD PARTY'S INDORSEMENT.

A. gave his note drawn to the order of a bank with B.'s indorsement, A. also indorsing below B. The bank discounted the note and credited A. with the proceeds, who, at its maturity, failed to pay. The note was protested and the bank sued the indorser B. It is now claimed that the bank must indorse the note, and that B., after paying it, can sue the bank and recover as from a preceding indorser. The bank claims that B. cannot recover of it, because he cannot prove a consideration; or, that it can indorse without recourse, and thus be released from liability.

REPLY.—In *Kyner v. Shower* (13 Pa. p. 446), Chief Justice Gibson remarked that "when a person who is neither maker, drawer, payee or acceptor puts his name on commercial paper before it is negotiated, he certainly means to pledge, in some shape, his responsibility for the payment of it. This act means something, and it admits of no other explanation; he means to give credit to the paper as an original promisor; but in what character, or how far—whether as a surety absolutely bound for the redemption of it, or as a guarantor contingently bound—depends on circumstances."

What the intention of the indorser was at the time of indorsing the note in question may be shown by parol evidence. This has been maintained in many cases. We will refer to one of them, *Rey and others v. Simpson* (22 How. 341). The note in that case was made by Rey, payable to the order of Simpson, and indorsed by Marshall & Co. Simpson was the creditor, and it was intended to give him the security of Marshall & Co.; but instead of drawing the note in their favor and of obtaining their indorsement before handing it to Simpson, it was drawn as above described. Simpson sued Rey and Marshall & Co., and the question was squarely raised, what was the nature of this indorsement? Judge Clifford, who delivered the opinion of the court, said: "When a promissory note, made payable to a particular person or order, as in this case, is first indorsed by a third person, such third person is held to be an original promisor, guarantor, or indorser, according to the nature of the transaction and the understanding of the parties at the time the transaction took place. If he put his name on the back of the note at the time it was made, as surety for the maker, and for his accommodation, to give him credit with the payee, or if he participated in the consideration for which the note was given, he must be considered as a joint maker of the note." Furthermore the court held "that the interpretation of the contract ought in every case to be such as will carry into effect the intention of the parties; and in most instances it is conceded that the intention of the parties may be made out by parol proof of the facts and circumstances which took place at the time of the transaction." This doctrine has been stated in many cases, a few of which may be mentioned: *Barto v. Schmeck*, 28 Pa. 447; *Schollenberger v. Nehf*, id. 189; *Good v. Martin*, 95 U. S. 90, p. 95;

Schneider v. Schiffman, 20 Mo. 571; *Irish v. Cutler*, 31 Me. 536; Daniel on Neg. Inst., § 710, 711, vol. 1, p. 638 (3d ed.), in whose work a large number of authorities may be found. B.'s subterfuge is too thin to trouble the mind of any court. Remembering the remark of Judge Gibson above given that B. certainly meant something by his indorsement, the law does not contradict itself by holding that he meant nothing by it. If B. could succeed in his feat of jugglery he would change the law into a farce.

LIEN.

A. cashes B.'s draft on C. at 60 days on account of lumber sold. B. fails before the draft reaches C., and when it does, he refuses to accept it. The property, however, for which the draft was given arrives in due time. Has A. any legal interest in it? Can he hold it to the extent of his claim, having no bill of lading of the same?

REPLY.—By the common law, when goods are sold the property therein passes to the purchaser, and after delivery the vendor cannot recover them, though the vendee should become bankrupt. But the right to stop them when in transit, in the event of the failure of the buyer, is also a well-understood principle. No question is raised in this case concerning the buyer's solvency. As the seller parted with all of his interest in the lumber, the party who discounted the bill of exchange obtained for it has no more interest therein than B. has.

INSOLVENCY—SPECIAL DEPOSIT.

If a national bank issues a certificate of deposit for a special deposit, is the holder a preferred creditor in the event of the bank's failure?

REPLY.—This question, we are quite certain, has not been decided by a State or Federal tribunal. The question has arisen outside the administration of the National Banking Law, and has not been uniformly decided. In several cases it has been held that special deposits were preferred claims, in other cases that they were not. This contrariety of opinion, however, may be reconciled by dividing special deposits into two classes: those in which the specific thing deposited is to be returned, like a bond, and those in which the specific thing is not to be returned, like money, but "his claim is on the bank for a like amount of money." (*McLain v. Wallace*, 103 Ind. p. 563). With respect to the first class of special deposits, their owners are entitled to them, because they have never parted with them, their ownership has never ceased; the bank is a bailee, and bound to return them when demanded. But special deposits of money are governed, in our opinion, by a different rule. These, again, may be divided into two classes, those which are deposited for a specific purpose, for example, the payment of a note; and those which are deposited simply for a fixed time, on which interest very likely is given, and which are mingled with the general funds of the bank. A special deposit of money of the first class would undoubtedly be a preferred claim if the depository should become insolvent; but would the second class? We think not. This is the precise question for answer.

In Tennessee, bill holders were preferred creditors to all others, and in *Moseby v. Williamson* (5 Heisk 278) the holder of a certificate of deposit

also claimed that he was a preferred creditor by virtue of the same statute that conferred this advantage on bill holders. But the court decided that he could only receive his *pro rata* share as a general creditor. The case of *Stockton v. Mechanics' and Laborers' Savings Bank* (32 N. J. Eq. 163) is more instructive. The bank received two kinds of deposits. Those called special did not participate in the profits, and were to be repaid without preliminary notice. The bank having failed, this class of depositors claimed priority over the other; but the court decided against the special depositors. "Had the agreement," said the Chancellor, "been that the special deposits should be returned in the same coin or bills received—had they been mere deposits for safe keeping, the owners would not have parted with their property in them, and the bank would only have acquired a qualified property as bailee in them. But they were delivered to the bank in the same manner as the other deposits, and the obligation of the bank in regard to them was answered by the return to the owner of an equal amount of money on demand." In the case in question the deposit was not made to pay a note, or for other specific purpose. The deposit, it is presumed, was mingled with the general funds of the bank, was of course used like them in paying depositors and borrowers, and was in all respects like them, except, perhaps, the time when the depositor could receive his money and the compensation for the bank's use of it. We perceive nothing in these facts which surround special depositors with stronger equities than those of depositors in general. Both classes, within the limitations above stated, share alike. Nor do we know of any reason why special depositors should be favored over the others, under the National Banking Law.

RIGHT TO TAKE SPECIAL DEPOSITS.

Are national banks permitted to take money on special deposit and issue special certificates for the same?

REPLY—Yes. Their authority to do this was questioned by the courts of New York (*First National Bank v. Ocean National Bank*, 60 N. Y. 278); Vermont (*Wiley v. First National Bank*, 47 Vt. 546; *Whitney v. First National Bank*, 50 Id. 388); and Maryland (*Weckler v. First National Bank*, 42 Md. 581); but their right to receive them has been determined by the Supreme Court of the United States, in *First National Bank v. Graham* (100 U. S. 699); to the same effect is the decision of *First National Bank v. Zent* (39 Ohio St. 105), and a later decision in New York (*Patterson v. Syracuse National Bank*, 80 N. Y. 82).

As this question comes to us from California, possibly a doubt may exist in the mind of the questioner whether the issue of such a certificate is not contrary to the provision of the national statute which forbids national banks from issuing other notes to circulate as money beside those in general use. This question, also, has been settled in favor of the right of banks to issue them. *Hunt, appellant* (141 Mass. 515); *Riddle v. First National Bank* (27 Fed. Rep. 503); *Shute v. Pacific National Bank* (136 Mass. 487).

PAYMENT OF PUBLIC DEPOSIT.

A., as treasurer of a School Board, deposited his receipts in the Fourteenth National Bank of a certain city of Ohio to his official credit. Soon after his demise, his administrator sought to transfer the balance of the account to his own administrative one, expressing his purpose to hand the money over to A.'s successor when elected. The bank, questioning its right to permit of the transfer, declined to gratify the administrator. Was the bank right in its position?

REPLY.—Yes. This question has been decided several times. In *Carman v. Franklin Bank* (61 Md. 467) money was deposited in the Franklin Bank by a board of public examiners, who were superseded by a new board to whom the bank paid the deposit. The old board sued the bank for the amount. The court remarked that the money was not deposited by the old board in their own names, nor in their own right, but as examiners. "It was a deposit made in their official relation, as required by the act under which the money had been collected, and to the credit of a designated fund, in which they had no beneficial interest. When they were superseded in office by the appointment of the new board . . . the money did not belong to them, but to their successors in office." In the above mentioned case the deposit was public, not private, and it belonged to A.'s successor. See *Lewis v. Park Bank*, (42 N. Y. 463).

USE OF MARGINAL FIGURES IN A NOTE.

This question has been answered on page 326 of the MAGAZINE.

BOOK NOTICES.

Taxation in American States and Cities. By RICHARD T. ELY, Ph.D., assisted by JOHN H. FINLEY, A. B. New York: Thomas Y. Crowell & Co.

This is a very useful work. It is the first elaborate and well-wrought essay on the subject. After giving a brief description of taxation from the time of Pericles, four canons of rational taxation are enunciated—equality of sacrifice, regularity of collection, ease of collection, and economy of administration. The author then formulates his mode of assessing and collecting taxes. Briefly he proposes that town and city taxes should be raised chiefly on real estate assessed for its full value.

All natural monopolies, such as gas, water and street car companies should be operated or leased by the city, and the profits applied to the city's expenses. Having estimated the receipts from a high license from liquor saloons and the revenues from natural monopolies, the balance, never to exceed one per cent. of the actual valuation, should be assessed on the real estate in the city or town. The right to sell liquor should be sold at public auction, and the number of drinking places should not be more than one to 2,000 in incorporated cities, and one to 1,500 outside.

For a State tax he recommends an income tax with an exemption for incomes below five hundred dollars, together with a tax on bequests of all sums above that, producing the maximum untaxed incomes.

The machinery for collecting taxes is a composition of the best features of the various systems prevailing in Germany, England and this country. The book concludes with a valuable series of statistical tables of the receipts and expenditures of the different States. *

The substitution of an income tax for a property tax is a radical change, and merits attention. Properly assessed, it bears on the tax-payer in direct proportion to his ability to pay. Its productiveness is clearly shown when the results of the old income tax are compared with the present direct taxes on property in the same locality. Under the present system the personal estate of thousands of men is notoriously undervalued. They commit this fraud not so much from a desire to escape their just share of taxation as from the justly grounded belief that with a high tax rate caused by the universal undervaluation, they would pay much more than their share.

Morse on Banks and Banking. Enlarged to Two Volumes. Third Edition.

Revised and Re-arranged, and greatly Enlarged. By FRANK PARSONS, of the Boston Bar. Boston: Little, Brown & Co. 1888.

This edition is a great improvement on its predecessors. The text has been broken into sections, with headlines in black; new matter has been added, exceeding in mass the whole of the last edition; the original text has been carefully revised, re-arranged, and in part re-written.

Especial attention has been given to all subjects of importance within the scope of the book that are unsettled or in dispute; for example, the right of a check-holder to sue the drawee bank, the responsibility of a bank for the negligence or default of its notary or correspondent, the title to deposits, the right of a correspondent bank to hold paper against the true owner, the power of a bank to purchase negotiable paper, the power of a national bank to deal in real estate, the right of a check-holder to receive payment when the funds are insufficient to pay him in full, the effect of clearing-house regulations, of adverse claims to a deposit, of countermanding a check, of the death of the drawer, of the usage of a single bank, of notice to a single director, of the negligence of directors, of ultra vires transactions, of the loss of bank bills, the responsibility of a bank paying a forged check and what diligence is required of the drawer, the warranty of the solvency of the issuing bank by the transferrer of bank bills, the gift of a deposit or a check, the right to credit the proceeds of collection on general account, the right to recover a deposit in case of insolvency, the payment by the bank of the notes of its depositors, the appropriation of payments made by a bank when part of the deposit was trust money, the time when the statute of limitations begins to run on a deposit, the effect of making an instrument in the form of a check but payable at a future day, etc. Mr. Parsons is a thorough, if not always tasteful workman. He has examined all of the added cases, and furthermore has correctly stated the facts and principles involved in them. His occasional jaunty airs are not improvements, and his use of the text for advertising purposes is, to say the least, not a pleasing or tasteful thing; see page 925.

Men and Measures of Half a Century. Sketches and Comments. By HUGH McCULLOCH, Secretary of the Treasury in the Administrations of Presidents Lincoln, Johnson, and Arthur. New York: Charles Scribner's Sons. 1888.

This is a work of great interest. The author has lived long among eminent men, he has been near enough to many to form a more intelligent judgment concerning them than is usually given to us. To some extent the work is biographical, but far more space is filled with descriptions and opinions of men whom he has seen and known. The author is always a genial, if not a fair critic. Perhaps the followers of Calvin receive the hardest blows. But even the severity of Calvinism, he thinks, is passing away. "Outside of the Andover school it would . . . be difficult to find an intelligent man who really believes what were considered the saving doctrines of the orthodox churches fifty years ago." If Mr. McCulloch had kept abreast of the teachings of Andover, he would not have added that remark.

The author's sympathetic nature has shown itself more strongly in defending those who, in his judgment, have been treated unfairly by the people generally, than in describing other persons. Gen. McClellan is one of these examples. With respect to Gen. Grant, Mr. McCulloch has toned down his judgment considerably below the popular level. He says: "It must be admitted that he did not accomplish enough, nor give evidence of possessing all the qualities which were necessary to entitle him to a place by the side of the great captains of the world." In criticising him, he maintains that "the adoption of the direct route to Richmond was, to say the least that can be said about it, unfortunate, as the entire army could have been transferred from the Potomac to the James, to which it turned after the battle of Cold Harbor, without the loss of a man." In thus viewing the struggle, Mr. McCulloch displays the same type of mind as Gen. McClellan had, and several more of the peaceful and bloodless generals of the war. They were desirous of taking places without fighting battles. But Gen. Grant knew what President Lincoln and most persons comprehended, that the war could be ended only by destroying the Confederate armies, and that work might as well be done on the road between Washington and Richmond as anywhere else. Unfavorable as was the ground in the Wilderness and at Cold Harbor for the Union army, the intrenchments at Richmond were not less formidable.

Probably the most interesting portions of the book for our readers pertain to the State Bank of Indiana, with which Mr. McCulloch was connected, and the chapters which cover his administration of the offices of Comptroller of the Currency, and Secretary of the Treasury. If adding not much to our store of knowledge of those times, the events can now be read with greater pleasure than they were first read under the shadows and sharp remembrance of war. The writer's modesty is never lost, though a great actor in the scenes. As he is a very "hard money man," and a "free trader," he has devoted considerable space to these subjects. No one can impute to him the smallest fault for doing so, but it must also be said that, notwithstanding the purest desire to deal fairly by everyone, with the

broadest charity and good nature, an unchanging political under-current is always running through his mind, and strong convictions on many subjects, which have colored his judgments from the beginning to the end of his book. Nevertheless, his opinions are always interesting, and are worth giving as a corrective to the opinions of others who are less fair-minded than himself.

Manual of the Railroads of the United States for 1888. By HENRY V. POOR. New York: H. V. & H. W. Poor.

This valuable publication is issued uniform in style with the Manuals of past years. We need hardly commend it, as it stands alone the only railroad manual of value, and every banker and railroad man is obliged to have it within easy reach. The roads are arranged in groups as they were last year, and this is a distinct advantage over the old hap-hazard arrangement. The manual is very complete, containing the usual comprehensive summaries, the dividend and quotation tables, and an enlarged directory of railroad officials.

At the close of the year 1887 there had been 149,913 miles of track laid in the United States, and the increase of mileage during the year was 13,081 miles. The assets of the companies owning the 147,999 miles of line completed during their fiscal year, ending in 1887, aggregate \$9,199,954,515; their total liabilities are \$8,896,431,214; and the excess of assets over liabilities is expressed by the sum of \$303,523,301. The passengers carried numbered 428,225,513, the tons of freight moved were 552,074,752, and the total train mileage run over was 643,978,896.

The vast deal of useful information given is presented in a remarkably simple and concise form, and saves hours of labor to those who have use for railroad statistics and information. The whole is a work that has involved a large amount of labor, and reflects the highest credit on its editors and compiler.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS :	Oct. 1.	Oct. 8.	Oct. 15.	Oct. 22.	Oct. 29.
Discounts	6 @ 7 .. 5½ @ 6½ ..	6 @ 6½ ..	6 @ 6½ ..	6 @ 6½ ..	6 @ 6½
Call Loans	7 @ 2 .. 4 @ 2 ..	2½ @ 2 ..	2½ @ 2 ..	2½ @ 2 ..	2½ @ 1½
Treasury balances, coin..	\$157,777,004	\$157,166,637	\$156,509,838	\$156,526,814	156,737,619
Do. do. currency.	17,784,472	16,423,227	15,675,228	15,632,362	15,708,063

Sterling exchange has ranged during October at from 4.87½ @ 4.88¼ for bankers' sight, and 4.83½ @ 4.84¼ for 60 days. Paris—Francs, 5.21¼ @ 5.18½ for sight, and 5.24¾ @ 5.21¾ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84¼ @ 4.84½; bankers' sterling, sight, 4.87½ @ 4.87¾. Cable transfers, 4.88 @ 4.88¼. Paris—Bankers', 60 days, 5.22½ @ 5.21¾; sight, 5.18¼ @ 5.18¾. Antwerp—Commercial, 60 days, 5.25¼ @ 5.25. Reichmarks (4)—bankers', 60 days, 95¾ @ 95¼; sight, 95¾ @ 95¼. Guilders—bankers', 60 days, 40¼ @ 40½; sight, 40¼ @ 40¼.

BANKING AND FINANCIAL ITEMS.

TOPEKA.—The Kansas National Bank, although not yet a year old, has added \$22,000 to surplus and undivided profits, besides paying a semi-annual dividend of 3 per cent. The First National Bank pays a semi-annual dividend of 4 per cent., and has added \$113,000 to surplus and undivided profits. Comment is unnecessary. The Central National Bank of Topeka has carried over \$11,000 to surplus and undivided profits, besides paying an annual dividend of 10 per cent.

DANBURY, CONN.—The Danbury National Bank has taken possession of its new building, which is spacious, well arranged, well lighted, and is a model of its kind. The front is occupied by the president and cashier, each having separate offices. The remainder is divided into compartments for tellers and clerks. Each of these are divided by open metal work, giving one a view of the entire room from any point. Outside is an abundance of room for patrons of the bank, and desks are conveniently arranged for their use. The furniture of this room is of cherry. The ceiling is sixteen feet high. This institution has an excellent history. In 1824 the Fairfield County Bank, located at Norwalk, was chartered by the legislature, with the provision that it should have a branch at Danbury. At the meeting of the directors held August 24, 1824, Zalmon Wildman (the father of Frederick S. Wildman, president of the Savings Bank of Danbury) was elected president of said branch bank, and David Foot was appointed a committee to contract with Dr. Comstock for the use of a room in his house, and to fit it up for the use of the bank. On the 20th of September, 1824, Curtis Clark was elected cashier of the branch bank, and the bank commenced business. On the 29th day of August, 1825, it was "voted that in the opinion of this board it is expedient to build a banking house for the accommodation of the institution, as soon as may be convenient," and a building was erected and occupied for a period of twenty-nine years as the Fairfield County Branch Bank, until July, 1844, when the Danbury Bank was chartered, and took the place of the Fairfield County Branch Bank, with same board of president and directors. The Danbury Bank occupied that building until April 14th, 1855. Then another building was projected, but for various reasons was not built until the present time. During the existence of the bank the following gentlemen have been its executive officials: Zalmon Wildman, president from Aug. 24th, 1824, to May 20th, 1826; Samuel Tweedy, president from June 22d, 1826, to November 22d, 1833; David Foot, president from December 22, 1833, to June 20th, 1835; Samuel Tweedy, president from June 20th, 1835 to June 18th, 1864; Lucius P. Hoyt, president from June 18th, 1864, to present date; Curtis Clark, cashier from September 20th, 1824, to May, 1837; Geo. W. Ives, assistant cashier from June 20th, 1835, to July, 1838; Aaron Seeley, cashier from July 2d, 1838, to June 1st, 1854; Ephraim Gregory, cashier from June 1st, 1854, to October 1st, 1855; Jabez Amsbury, cashier from October 1st, 1855, to present date.

FALL RIVER, MASS.—D. A. Chapin, cashier of the National Union Bank, has been required to resign by the bank examiner, Mr. Getchell. The directors accepted Mr. Chapin's resignation and appointed the teller, John T. Burrell, acting cashier. Mr. Burrell at once took charge of the bank. The trouble appears to have grown out of a difference of opinion between Mr. Chapin and the bank examiner as to the proper method of running a bank. Mr. Chapin was also treasurer of the Union Savings Bank, which had its office in the same rooms. He lent money from the savings bank on securities of a nature not approved by the bank examiner, and without the knowledge of the directors, and covered up the transaction by transferring securities from the savings bank to the National Bank, to make his accounts right for the bank examiner. The trouble began over a year ago, when the lawsuits over the bankrupt estate of William B. Durfee brought the methods of the Union Bank into considerable prominence. It appeared at the hearing in the Court of Insolvency, that Mr. Durfee, who was a director in the bank, had borrowed

money from the bank and pledged his bank stock as security. Mr. Chapin had in a drawer as security for the loan to Mr. Durfee the stock on which Mr. Durfee was acting as director. The amount of the irregular loans is said to be \$30,000, the larger portion of which has been lent to the Beattie Zinc Company, a corporation of which Mr. Chapin is president and director, which, it is thought, will repay the loan as it becomes due. The few other loans are also to persons who are considered reliable, so that no loss whatever may occur from the loans, the wrong being in the assumption of authority and violation of law by the cashier. To provide against possible loss, Mr. Chapin has transferred (or promised to transfer) his entire property to the bank, consisting of real and personal estate, as collateral on the notes accepted by him without the knowledge of the directors. He states that the savings bank will not sustain any loss whatever, and he does not think that there will be any loss to the National Bank. The bank has a surplus of about \$60,000, and the directors say that this will cover all losses.

GOLD FROM BRITISH AND FRENCH GUIANA.—Up to the 15th of August, 1888, British Guiana exported for the year 9,309 ounces of gold, against 6,212 ounces for the same time last year, showing an increase of 3,097 ounces. From French Guiana the gold exports up to June 30th, 1888, amounted to 991 575-1000 kilos, against 868 673-1000 kilos up to the same date last year, showing an increase of 122 902-1000 kilos for this year.

PHILADELPHIA.—A young man who called himself Jacob Kline, of Hartford, Conn., went to the Philadelphia National Bank a short time ago and presented for payment a check, No. 1,276, for \$175, payable to bearer, bearing the apparent signature of "Adolph Weyl," and endorsed with the names of "Adolph Weyl" and "F. C. Bode, Jr." J. B. Craven, paying teller of the Philadelphia Bank, having just read in the *Public Ledger* of a forgery of the name of O. S. Hemphill, the Eighth street jeweler, on a check for \$170 on the Penn National Bank, gave the check a careful scrutiny. The signature of Mr. Weyl, who has a furnishing goods store on Eighth street, was an apparent fac-simile, and Kline said he had got the check from Weyl. Bank Detective Francis R. Kelly was called in and questioned Kline, who began telling conflicting stories, and he was taken into custody. When Mr. Weyl appeared he said he had not given any check of the number and amount of that presented. He then remembered that on September 24th he had given his check for \$5.00 to a man who made a purchase in his son's store, and who said he preferred to have a check for mailing rather than money. Kline was taken to the Central Station.

TRENTON, Mo.—On the 4th of October, Shanklin & Austin's Bank suspended. A crowd of 300 people surrounded the bank in a few minutes, and Col. Shanklin made a short speech, in which he said it was true that the bank had suspended, and the suspension was caused by the failure of the Traders' National Bank of Chicago. The bank has a capital of \$50,000, and carried a heavy line of deposits.

MEXICO.—A local paper says the organization of the Mexican Mortgage Bank, which is viewed with hostility in some quarters and with friendliness in others, is likely to go on without hindrance. The New York syndicate are understood to control so large a block of the shares as to be certain of the confirmation of the recently made contract. If the bank, under the new management and with its largely increased capital, advances money freely on real estate mortgages, it will help the other banks here by putting on the market mortgage bonds, which will serve as collateral on which to effect loans. The absence of good collateral here is one of the chief obstacles to banking enterprise in this country; bankers are censured for maintaining a high rate of discount, when they would be glad to lower the rate if they had collateral to lend upon. Single-name paper is the basis of comparatively large banking transactions, but this is not sufficient, however good the firms or individuals may be, to justify a low rate of discount. Real estate mortgages are good, but there are not many of these on really sound properties to be had, and any bank, going in heavily in this direction, must seek the interior cities and towns and rural estates, on which to make loans. That there is a field for banking enterprise here is, however, true, and there is a chance for a liberal and progressive bank management in many directions. As the country develops there will be more and more

need of banking capital to aid in setting on foot productive enterprises. The existing banks have been of great usefulness, but they have not done much to encourage the growth of trade; they have erred on the side of excessive caution. The entrance into the field of a new bank with a large capital will make healthy competition, and, in the end, help the rival banks by creating new avenues of business.

BERLIN.—The International Bank of Berlin has been founded, with a capital of \$5,000,000. It absorbs Goldberger's banking business, without taking the liabilities. The directors include Goldberger and Dessauer, manager of the Rothschilds' Vienna house, who are president and vice-president respectively. The committee of trustees are Born, Goldberger and Kieschke. The other trustees are Minister Hofmann, Polack, Borkemann, Schlesinger, of Vienna, and Papadaeke, of Paris. The shares are taken by Goldberger, Born and Busse, and a syndicate, including the Vereinsbank of Frankfurt; Simons, of Königsberg; the Lower Austrian Discount Company, the Anglo-Austrian Bank, the Austro-Hungarian Commercial Bank, the Bank of Constantinople, of Paris; Guenzburg, of St. Petersburg; the Prozent Handelsbank, of St. Petersburg; Wertheim and Gompertz, of Amsterdam, and the Bank of Winterthur.

A PRIVATE CLEARING HOUSE.—A stock-clearing department has been established by the Manhattan Trust Company of New York, for the benefit of the firms who settle their business through that company. The prime mover in the matter is Mr. W. V. Carohn, who has made the following explanation of the system: "It is simply a voluntary agreement among the members to clear stock at a central point. That leads to the elimination of all accounts which offset each other, and as a result balances are the only actual deliveries. It obviates all over-certification, and does away with the necessity of making deliveries through the hands of irresponsible parties, who are mostly messenger boys. Under the present system, during the hours from 1 to 3 P. M., it is almost impossible to secure a messenger boy down town. They are running here and there with bonds and securities to settle accounts. Ours is the only large Exchange in the world which has not some clearing system. The consolidated, Boston, London, Berlin, Frankfurt and Paris Exchanges all provide for clearances. Of course their systems differ. Some are on the basis of monthly, some on daily settlements; but the main idea is the same. At present, owing to our small membership, the charge is ten cents for each transaction, but if the system becomes general this can be reduced to five cents, which is cheaper than the present system employed on the Exchange. I am satisfied that we shall make the Clearing House a success, and that our system will soon be generally adopted. We have now among our members some of the largest firms in the street—Moore & Schley, Fahnestock & Co., Green & Bateman, and Horton & Co. We do not care to increase our membership too rapidly until our force of clerks get their work thoroughly systematized."

THE MANITOBA (CANADA) banks have decided that American money cannot go there, and a big discount will be made on the currency of the United States. The discount is three per cent. on all paper money. Silver dollars go for 95 cents; 50-cent pieces for 40 cents; 25-cent pieces for 20 cents. There is no discount on 10 and 5-cent pieces. Winnipeg is flooded with American money.

NEW YORK CITY.—The Chemical Bank of New York is probably the strongest financial institution in this country, and its prosperity and success have been a marvel in business and financial circles. A New York letter gives the following interesting points in reference to this wonderful moneyed institution: Ten shares of Chemical Bank stock were sold the other day on the Stock Exchange at \$3,600 a share, without the bi-monthly dividend of 25 per cent. This is the highest that this stock has yet sold for, and it has long been noted as commanding the highest premium of any bank stock in the world. First National Bank stock commands \$2,000 per share, the Fifth National Bank \$800 per share, the Bank of Ireland \$275 and the Bank of England \$350. The dividends of the Chemical Bank have for a long time been at the rate of five per cent. bi-monthly, with an additional dividend of ten per cent. some time during the year, or an even 100 per cent. per annum. The dividend declared for the 1st of March, and to be continued there-

after, is twenty-five per cent. bi-monthly, or 150 per cent. per annum. Last year the bank paid \$300,000 in dividends, equal to the amount of capital stock, and carried a surplus of twice the capital stock. It is very seldom this valuable stock finds its way to the market, and then only in the settlement of some old estate, and when a sale takes place it attracts great attention. John B. Manning was the purchaser at the sale. In 1843 or 1844 David Wolfe, the father of Catherine Wolfe, bought 200 shares of Chemical Bank stock at par, or for \$20,000. To-day that same stock, at the price commanded, would be worth \$720,000, and has paid more than \$1,000,000 in dividends since the day it was purchased.

MICHIGAN—A LAND OF GOLD.—The recent reports of new gold discoveries in Michigan, in the valley of the Eau Claire river in Wisconsin, in the Potomac valley, near Washington, and in other unexpected localities of our country, need not call for expressions of surprise nor of doubt. Ours is a land of gold, and the discoveries of particles of the rich metal in any State or Territory would not be at all remarkable. Gold is a native of the soil, and has been found in its native state in nearly every geographical division of the North American, as well as the South American continent.—*Chicago Journal.*

RICHARD A. ELMER.—In the necrology of this month is Mr. Richard A. Elmer, president of the American Surety Company. He was born in Waverly, Orange County, New York, June 16, 1842, educated at the High School in that place, and graduated from Hamilton College in 1864. Subsequently he studied law and was admitted to the bar, but on the death of his father in 1867 he abandoned the practice of law and entered the First National Bank of Waverly, of which his brother, Howard Elmer, was president, as cashier. He remained in this position for twelve years. In 1870, with Howard Elmer and several associates, he purchased a tract of 1,000 acres of land in Pennsylvania, in the town now known as Sayre. The purpose of the investment was to establish large manufacturing interests, for which the locality was favorable, and the place has since become an important railroad and manufacturing center. Mr. Elmer became a director of the Sayre Land Improvement Company, the Cayuta Wheel and Foundry Company, and in other manufacturing interests of the town. When appointed Second Assistant Postmaster-General by President Garfield, Mr. Elmer was but little known through the State although he had a wide business acquaintance at the time in New York. He had never held a public office of any kind, but he came so highly recommended that President Garfield at once decided to appoint him. He succeeded Thomas J. Brady, who resigned the same day on which Mr. Elmer's name was sent to the Senate. Mr. James was then Postmaster-General, and Mr. Elmer removed to Washington as soon as he could make his arrangements at home, and at once entered upon his duties. Although entirely unacquainted with the Post Office business, his capacity for such work soon enabled him to become familiar with the methods, and he engaged with marked success in the management of the details of Post Office work. He continued in office under President Arthur, and when he resigned, in 1884, his administration of the duties received the commendation of President Arthur, Postmaster-General James and other heads of the Post Office Department. His resignation was with the view of attending to his own business, which had been largely neglected in his attention to public matters. He organized the American Surety Company, of which he became president, and his attention was mainly occupied with it during the last four years, although he retained his connection as a director of the Waverly Bank and with other interests there and in Sayre. The success of the Surety Company was said yesterday to have been mainly due to his efforts; he held a controlling interest in the company. He was also a director of several railroads and of other corporations in New York and New England.

The report of the Bank of California, at the annual meeting of the stockholders, shows that the cash movement for the year amounted to the enormous sum of \$338,522,802, or at the rate of \$69,876,900 per month. This is the largest movement ever reported, and is \$45,000,000 larger than for the previous year. The operations in exchange amounted to \$63,231,919, and the receipts of bullion \$6,289,010. The earnings were as follows: Interest, \$627,632.40; exchange,

\$131,278.62; gross earnings, \$758,911.02; expenses, \$145,361.77. Net earnings, 1887-88, \$613,549.25; net earnings, 1886-87, \$535,439.91; net earnings, 1885-86, \$406,626.40. The comparison shows an increase of 50 per cent in net earnings in two years. Land sales for the year were 5,986 acres, realizing \$232,417, leaving 61,553 acres still on hand. Four quarterly dividends were paid during the year, the first being at the rate of 10 per cent. per annum, and the last three at the rate of 12 per cent. per annum, the four dividends aggregating \$345,000.

LUMBERMEN.—In the *Northwestern Lumberman* of October 20 appears a list of those engaged in the manufacture or handling of lumber in the States of Kentucky and West Virginia. The list includes owners and operators of saw, shingle, stave and heading, and planing mills, sash and door factories, and box factories; also the names of all wholesale, retail and commission dealers in lumber, timber and logs. By a convenient system of reference marks the above classification is indicated; and also in case of mills and factories the approximate daily capacity, the power used, and whether or not dry kiln and logging railways are employed. The *Lumberman*, which is published at Chicago, promises to continue the publication of these valuable lists in regular issues of the paper, until inside of a year the round of the United States shall be made. This is a bold and costly undertaking, and should be appreciated by all interested in any way in the lumber industry of the country.

ANNISTON, MD.—The First National Bank has paid full dividends, and accumulated during the last two years a surplus of nearly \$200,000, or almost twice as much as its capital.

MR. J. M. DINWIDDIE, cashier of the Cedar Rapids Savings Bank, has been elected secretary of the Iowa Bankers' Association, in place of Mr. J. E. Henriques, who resigned. That association has made a good start, and is worthy of imitation.

SHELL ROCK, IOWA.—The banking firm of McDonald & Phillips has been dissolved; R. McDonald retiring, leaving J. W. Phillips the sole owner and proprietor. Mr. Phillips has been connected with the bank from its start. In September, 1876, the Boomer Bros. and J. W. Phillips started the bank at Shell Rock, with Benj. Boomer president, J. H. Boomer vice-president, and J. W. Phillips cashier. On the 15th of May, 1878, Clark Fairfield purchased the interests of Boomer Bros., and the bank was then run in the name of Fairfield & Phillips until June 10, 1884, when McDonald bought out the interest of Clark Fairfield. The new firm of McDonald & Phillips was under contract to run but one year, but Mr. McDonald found the business relations to be so pleasant and satisfactory that the contract of partnership was extended from year to year until the tenth of this month Mr. Phillips became sole proprietor. It will thus be seen that Mr. Phillips has been connected with the bank from its start, nearly twelve years ago.—*Butler County News*.

CALIFORNIA.—The directors of the People's Bank, of Pomona, met in their new banking rooms recently, and elected Geo. H. Hopkins director and cashier, to fill the vacancy caused by the resignation of Geo. J. Mitchell. Although a comparatively young man, Mr. Hopkins is an experienced banker. Beginning as a clerk he worked his way up through the various grades, until he was made cashier of the Kenduskeag National Bank, of Bangor, one of the oldest and most substantial banking institutions in Maine. During the past year he has been connected with the management of the First National Bank of Leavenworth, Kansas, in which he is a large stockholder.

CHICAGO.—During the month the Traders' Bank has failed. "It looks very much like a total wreck," says Receiver Smith. "That is, something will be saved from every wreck, and the results of this may be better than the general aspect now promises. But I cannot suppress at the outset of my labors, the statement that it is a very bad failure, very much worse than was anticipated. Things are so badly mixed up that it will take weeks before we know how we stand."

The president of the bank, Joseph O. Rutter, died soon after the failure. He was born in Philadelphia, Nov. 2, 1836, and was on his mother's side a descendant of Sara Rapelje, the first white child born in the province of New Netherlands. His parents came West, and in 1851 he entered the banking house of George Smith & Co. in this city, as a messenger. A few years later he opened a bank of his own in Peru, Ill. Returning to Chicago, he formed the firm of Joseph O. Rutter & Co., which, consolidating with G. F. Adams & Co., secured the charter of the Freeport (Ill.) Savings Institution, which, after several changes of title, became the Traders' Bank. Mr. Rutter always stood high socially. Twenty years ago he was known as the handsomest and best dressed man in Chicago. For the last six months he had been too ill to be at his bank, and for several days past he was unconscious. He had been the manager of the institution, and the state of affairs caused by his absence led to the application for a receiver by cashier Tallman, the only other stockholder.

DIVIDENDS OF FAILED BANKS.—The Comptroller of the Currency has declared a final dividend to the creditors of the insolvent Stafford National Bank, of Stafford Springs, Conn.—which failed last October—of 25 per cent., making in all 100 per cent., and interest in full on claims amounting to \$247,920; also a dividend of 15 per cent. to the creditors of the insolvent Fifth National Bank of St. Louis, which failed last November, making in all 80 per cent. on claims amounting to \$959,410.

NEW YORK CITY.—In real estate and banking circles in this city, a profound sensation was caused by the discovery that Bedell, a long trusted clerk in the law office of Barlow, Laroque & Shipman, had obtained \$264,000 on bogus mortgages. The amount is thus apportioned: Farmers' Loan and Trust Company, \$109,500; Herman Koob & Co., \$17,000; Robert Center, \$43,000; J. Egmont Schermerhorn, \$58,500; E. Sloan, \$30,500, and some other clients of the firm, \$6,500. These parties expect that the lawyers will make their losses good; the lawyers, in turn, will seek reimbursement from the Broadway Bank, on the ground that the bank is responsible for money paid on forged indorsements. The bank, in turn, may look to Bedell and the notary, Henry, who is implicated in the various transactions.

NEW YORK CITY.—At the annual meeting of the Clearing House Association, the following officers were elected for the ensuing year: Chairman, Geo. S. Coe, president American Exchange National Bank; secretary, Wm. P. St. John, president Mercantile National Bank; Manager, Wm. A. Camp, who has occupied that position since the Clearing House was organized. The following gentlemen constitute the Clearing House Committee: Richard King, president National Bank of Commerce; Geo. G. Williams, president Chemical National Bank; Edward W. Corlies, president Bank of America; Jacob D. Vermilye, president Merchants' National Bank, and Fred'k D. Tappen, president of the Gallatin National Bank. The total amount of the exchanges for the year ended October 1, as shown by the report of Manager Camp, was \$30,863,686,609.21; the balances were \$1,570,198,527.78, and the total transactions \$32,433,885,136.99. The average daily exchanges were \$101,192,415.11; the average daily balances \$5,148,191.89; and the daily average of the total transactions was \$106,340,607. Since the Clearing House was organized its total transactions have aggregated \$881,135,273,210.16.

THE appeal of Kissam, Whitney & Co., from the verdict of \$147,759.71, rendered against them in the suit of the Receiver (Henry J. Anderson), of the First National Bank, of Albion, to the United States Supreme Court, has been filed in the U. S. Circuit Court. The bank, it will be remembered, was wrecked by its President, Warner, who speculated through Kissam, Whitney & Co., with the bank's money. Receiver Anderson sued the bankers for the recovery of the money, and won his suit.

TREASURE TROVE IN RUSSIA.—A Russian peasant named Levotchko has just discovered an immense treasure trove in the village of Starogorodki, in the Governorship of Tchernigov. The peasant lived upon land forming part of the estate of Prince Ostersky, whose ancestors were plundered and expelled from their

possessions by the Tartars, and there is little or no doubt that the treasure and other articles found date from this period. Levotchko was at work for ten years in making this discovery, which includes, besides many precious articles and manuscripts, twelve large boxes filled with very ancient coins of fine gold. The total value of the find is given at 17,000,000 rubles, two-thirds of which go to the State and one-third to Levotchko, whose share will amount to approximately £600,000 sterling.—*London Times*.

NEW YORK CITY.—The National Park Bank has entered judgment against Charles J. DeBaun, the assistant cashier, for \$97,822, of which \$95,000 is the amount he embezzled, and \$2,822 is interest from April 19th, the day he fled.

B. P. HUTCHINSON, or "Old Hutch," as he is familiarly called, is supposed to rule in the Chicago Board of Trade. As promotor of the great wheat corner which culminated last week, after forcing the price up above \$1.50 per bushel, in the effort to squeeze the "shorts," this bold speculator gained a wide notoriety. On Thursday he drew out of the clearing house a check of \$675,000, as his profits on the sales of the day. As described by a correspondent, his favorite way of trading is to pass his card around the pit, with the remark, "Here, boys, put down what you want to buy or sell; I'll accommodate you." He will make trades, and realize on a fluctuation of a sixteenth of a cent. Some days when the humor seizes him, he will hold the market within narrow limits and enjoy the discomfiture of the chronic Bulls and Bears, who vainly endeavor to get prices out of the rut. There are times, however, when the market gets beyond him, and his heaviest trades have no more than a temporary effect. During the late advance a sale of several million bushels stopped the upward movement temporarily, but that was all. More than once he has come to the rescue of the market, and prevented it going to pieces. Then, again, as was the case a year ago last June, when the Harper wheat corner broke, he delighted in tantalizing those who had the good of the market at heart, and keeping them and the market on the ragged edge of anxiety. His transactions run up into the millions every week. He is equally at home in wheat, corn, oats or provisions, and no particular pit is favored. He runs them all. There are times, of course, when Armour steps in, but the old man is not even afraid of Armour, with his \$50,000,000.—*Iron Age*.

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Oct. 6..	\$395,636,400	\$84,902,900	\$29,705,300	\$412,762,800	\$6,517,900	\$11,417,500
" 13..	397,243,200	85,050,000	28,882,000	414,469,800	6,519,300	10,314,550
" 20..	394,053,600	94,281,300	28,090,800	421,884,300	6,491,300	16,901,02
" 27..	393,706,400	92,460,700	27,871,100	418,533,600	6,487,100	15,698,400

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Sept. 29.....	\$148,180,100	\$10,498,000	\$3,459,500	\$119,509,800	\$5,749,600
Oct. 6.....	148,906,500	10,749,600	3,382,500	122,433,200	5,632,000
" 13.....	149,445,300	10,789,600	3,447,500	124,188,800	5,219,900
" 20.....	149,580,300	10,757,200	3,564,100	127,346,900	5,110,400
" 27.....	149,869,100	11,233,000	3,873,400	125,036,200	5,052,700

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Oct. 6.....	\$97,640,000	\$26,285,800	\$96,967,500	\$2,708,450
" 13.....	97,618,000	25,522,000	97,450,000	2,704,950
" 20.....	96,516,000	24,529,200	95,642,000	2,695,870
" 27.....	95,794,000	24,995,700	95,326,000	2,701,900

BOSTON BANK STOCKS AND DIVIDENDS.

The following table, compiled by Joseph G. Martin, Boston, presents the capital of each bank, together with the last two semi-annual dividends, free of all taxes, and the amount payable on Monday, Oct. 1, also the market value of each stock, *dividend on*, April 1, 1888, and at the present time:

<i>Boston Banks.</i>	<i>Capital.</i>	<i>Dividends.</i>		<i>Amount.</i>	<i>Stock, Divid. on.</i>	
	Oct., 1888.	Ap., '88.	Oct., '88.	Oct. 1, 1888.	Apr. 1, '88.	Sept. 28.
Atlantic National	\$ 750,000	3	3	\$22,500	133	132
Atlas National	1,500,000	2½	2½	37,500	118	119
Blackstone National	1,500,000	2½	2½	37,500	108	109
Boston National	1,000,000	3	3	30,000	123	123
Boylston National	700,000	3	3	21,000	133	134
Broadway National	200,000	0	0	—	105	105
Bunker Hill National	500,000	5	5	25,000	160	187
Central National	500,000	3	3	15,000	130	130
City National	1,000,000	2	2	20,000	105	106
Columbian National	1,000,000	3	3	30,000	128	128
Commerce	1,500,000	3	3	45,000	124	128
Commonwealth	500,000	3	3	15,000	138	138
Continental National	1,000,000	3	3	30,000	123	122
Eagle National	1,000,000	2½	2½	25,000	105	105
Eliot National	1,000,000	3	3	30,000	130	128
Everett National	400,000	2½	2½	10,000	96	98
Exchange National	1,000,000	3½	3½	35,000	130	130
Faneuil Hall National	1,000,000	3	3	30,000	141	141
First National	1,000,000	6	6	60,000	230	230
First Ward National	200,000	3	3	6,000	130	130
Fourth National	500,000	2½	2½	12,500	112	112
Freeman's National	800,000	0	2	16,000	93	96
Globe National	1,000,000	2	2	20,000	96	93
Hamilton National	750,000	3	3	22,500	125	125
Hide & Leather	1,500,000	3	3	45,000	115	121
Howard National	1,000,000	2½	2½	25,000	108	108
Lincoln National	300,000	2½	2½	7,500	111	113
Manufacturers' National	500,000	2	2	10,000	95	93
Market National	800,000	2	2	16,000	91	91
Massachusetts Nat. par \$50	800,000	2	2	16,000	102	105
Maverick National	400,000	5	5	20,000	230	230
Mechanics' National	250,000	3½	3½	8,750	133	133
Merchandise National	500,000	2½	2½	10,000	98	89
Merchants' National	3,000,000	3	3	90,000	140	142
Metropolitan National	500,000	3	2½	12,500	120	111
Monument National	150,000	6	6	9,000	225	225
Mount Vernon National	200,000	3	3	6,000	135	131
National Market of Brigh	250,000	3½	3½	8,750	140	138
New England National	1,000,000	3½	3½	35,000	153	158
North National	1,000,000	3	3	30,000	134	136
North America	1,000,000	3	3	30,000	110	109
Old Boston National	900,000	3	3	27,000	119	121
People's National	300,000	4	4	12,000	163	163
Redemption National	1,000,000	3	3	30,000	120	120
Republic National	1,500,000	3	3½	52,500	142	144
Revere (National)	1,500,000	3	3	45,000	128	129
Rockland (National)	300,000	4	4	12,000	150	151
Second National	1,600,000	4	4	64,000	156	162
Security (National)	250,000	* 3	* 3	7,500	190	190
Shawmut National	1,000,000	3	3	30,000	125	128
Shoe & Leather National	1,000,000	2½	2½	25,000	101	101
State National	2,000,000	3	3	6,000	118	128
Suffolk National	1,500,000	2½	2½	37,500	116	120
Third National	600,000	2½	2½	15,000	101	102
Traders' National	500,000	2	2	10,000	93	90
Tremont National	2,000,000	2½	2½	50,000	104	105
Union (National)	1,000,000	3	3	30,000	142	144
Washington National	750,000	3	3	22,500	122	121
Webster (National)	1,500,000	2½	2½	37,500	104	110
Total Oct. 1888	\$ 52,650,000			\$ 1,542,500		
April, 1888	52,450,000			1,513,000		
Oct., 1887	52,450,000			1,503,750		
April, 1887	52,450,000			1,411,250		
Oct., 1886	52,450,000			1,421,750		

* Quarterly.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 319.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....	The East Side Bank.....	.....
	\$100,000 Thos. R. Manners, <i>P.</i>	James S. Oakley, <i>Cas.</i>
	Samuel B. Clark, <i>V. P.</i>	.....
ALA.... Alexandria City.	Herzfeld Bros.....	.....
	\$20,000	.....
• .. Eutaw.....	First National Bank.....	National Bank of the Republic.
	\$50,000 John S. Hanly, <i>P.</i>	Byron B. Barnes, <i>Cas.</i>
	G. Braune, <i>V. P.</i>	.....
• .. Oxford.....	Bank of Oxford.....	Mechanics National Bank.
	\$50,000 D. C. Cooper, <i>P.</i>	Oliver W. Cooper, <i>Cas.</i>
	James R. Draper, <i>V. P.</i>	Ben Earley, <i>Ass't Cas.</i>
ARIZ.. Flagstaff.....	Citizens Bank.....	Ninth National Bank.
	E. S. Gosney, <i>P.</i>	John Vories, <i>Cas.</i>
	David Babbitt, <i>V. P.</i>	.....
ARK.... Springdale.	Bank of Springdale.....	.....
— CAL.... Grass Valley...	Agency of Citizens Bank.	Henry A. Wagner, <i>Cas.</i>
	E. M. Preston, <i>P.</i>	First National Bank.
	John M. Thomas, <i>Agent.</i>	.....
COL... Boston.....	Citizens Bank.....	.....
	\$5,000 Albert Hughes, <i>P.</i>	Wm. B. Chockley, <i>Cas.</i>
		D. E. Deputy, <i>Ass't Cas.</i>
DAK.... Aberdeen.....	North Western N. Bank.	American Exchange Nat. Bank.
	\$100,000 Henry M. Marple, <i>P.</i>	Abel Marple, <i>Cas.</i>
	Jos. Sears, <i>V. P.</i>	.....
• .. Centreville.	Citizens Bank.....	Chemical National Bank.
	A. S. Hanford, <i>P.</i>	John H. Coulter, <i>Cas.</i>
• .. Clark.....	Security Bank.....	.....
	\$50,000 E. M. Snell, <i>P.</i>	J. E. Platt, <i>Cas.</i>
	J. N. Platt, <i>V. P.</i>	.....
• .. Hitchcock.....	Commercial Bank.....	.....
		E. Wilson, <i>Cas.</i>
• .. Webster.....	Webster City Bank.....	Chase National Bank.
	\$20,000 Wm. L. Curtis, <i>P.</i>	Chalmers Curtis, <i>Cas.</i>
	Andrew J. Leetch, <i>V. P.</i>	.....
• .. Willow Lake...	Farmers Exch. Bank.....	.....
	\$10,000 Fred. Bohri, <i>P.</i>	Fred. C. Bohri, <i>Cas.</i>
	C. Bohri, <i>V. P.</i>	.....
GA.... Carrollton.	Merch. & Planters Bank.	National Park Bank.
	\$25,000 E. G. Kramer, <i>P.</i>	Henry Lanier, <i>Cas.</i>
	L. C. Manderville, <i>V. P.</i>	.....
• .. Columbus.....	Third National Bank....	Merchants National Bank.
	\$100,000 Geo. G. Jordan, <i>P.</i>	John Wesley Murphey, <i>Cas.</i>
ILL.... Chicago.....	Kaspar & Karel.....	American Exchange Nat. Bank.
	\$30,000	John Karel, <i>Cas.</i>
IND.... Terre Haute.....	Vigo Co. Nat. Bank.....	.....
	\$150,000 Benjamin G. Hudnut, <i>P.</i>	Chas. W. Conn, <i>Cas.</i>
• .. Wabash.....	Wabash National Bank....	.....
	\$120,000 Joseph W. Busick, <i>P.</i>	James I. Robertson, <i>Cas.</i>
IOWA... Boyden.....	Boyden Bank.....	.....
	Thos. W. McCrum, <i>P.</i>	John W. McCrum, <i>Cas.</i>
• .. Eagle Grove...	State Bank.....	Chemical National Bank.
	\$30,000 Josias J. Andrews, <i>P.</i>	Anna Andrews, <i>Cas.</i>
	R. W. Smallpage, <i>V. P.</i>	.....
• .. Goldfield..	Citizens Bank.....	.....
	(John Nicoll)	John Nicoll, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
IOWA...	Ida Grove.....	First National Bank.....	.....
	\$100,000	H. M. Whinery, <i>P.</i>	E. M. Donaldson, <i>Cas.</i>
		Alax McHugh, <i>V. P.</i>	Edwin Coles, <i>Ass't Cas.</i>
"	.. Logan.....	Logan Bank.....	.....
	\$25,000		Chas. F. Luce, <i>Cas.</i>
"	.. Lorimor.....	Exchange Bank.....	.....
		(G. W. Leverich)	.....
KAN...	Bucklin.....	Western Banking Co.....	.....
			Silas D. Aulls, <i>Cas.</i>
"	.. Corning.....	Knox Bros.....	.....
		R. F. J. Knox, <i>P.</i>	E. E. Wilson, <i>Cas.</i>
		M. S. Knox, <i>V. P.</i>	.....
"	.. Marion.....	Cottonwood Val. N. B'k.	National Park Bank.
	\$50,000	Levi Billings, <i>P.</i>	L. P. Davis, <i>Cas.</i>
		Isaac Good, <i>V. P.</i>	.....
"	.. Republic.....	Bank of Republic.....	Corbin Banking Co.
	\$50,000	Chas. S. Morey, <i>P.</i>	David Bedell, <i>Cas.</i>
		J. T. Patterson, <i>V. P.</i>	.....
"	.. Seneca.....	Scoville Exchange Bank.	Bank of North America.
	\$30,000	C. C. K. Scoville, <i>P.</i>	F. G. Bergen, <i>Cas.</i>
		A. L. L. Scoville, <i>V. P.</i>	.....
"	.. Topeka.....	United States Sav. Bank.	Chase National Bank.
	\$500,000	Wm. C. Knox, <i>P.</i>	Frank J. Brown, <i>Cas.</i>
KY....	Lexington.....	Phoenix National Bank..	Hanover National Bank.
	\$150,000	Wm. H. Cassell, <i>P.</i>	Joseph W. Rodes, <i>Cas.</i>
		Jas. C. Rogers, <i>V. P.</i>	O. L. Bradley, <i>Ass't Cas.</i>
MD....	Baltimore.....	Park Savings Bank.....	.....
		Ernest A. Robbins, <i>P.</i>	J. Glenn Cook, <i>Sec. & Treas.</i>
		Henry T. Meloney, <i>V. P.</i>	.....
"	.. Bel-Air.....	Second National Bank...	.....
	\$50,000	J. Thos. C. Hopkins, <i>P.</i>	Frank S. Evans, <i>Cas.</i>
MICH...	Grand Ledge...	Bank of Grand Ledge...	Chase National Bank.
		(De Puy Bros.)	.....
"	.. Lowell.....	Bowne, Combs & Striker.	Chase National Bank.
			Merritt C. Griswold, <i>Cas.</i>
"	.. Oscoda.....	Oscoda Exchange Bank..	Chase National Bank.
	\$10,000	(F. L. Bickhart & Co.)	.....
"	.. Williamston...	Williamston State Bank.	Seaboard National Bank.
	\$50,000	John B. Dakin, <i>P.</i>	Haven S. Fuller, <i>Cas.</i>
		C. W. Beardsley, <i>V. P.</i>	.....
MINN..	Winthrop.....	State Bank.....	.....
	\$12,000	E. A. Campbell, <i>P.</i>	Chas. August Benson, <i>Cas.</i>
		Chas. J. Larson, <i>V. P.</i>	.....
MISS....	Greenwood.....	Bank of Greenwood.....	National Park Bank.
	\$25,000	L. T. Baskett, <i>P.</i>	Edward Roy McShane, <i>Cas.</i>
		A. McC. Kimbrough, <i>V. P.</i>	.....
MO....	Bethany.....	Harrison Co. Bank.....	.....
	\$25,000	John L. Cole, <i>P.</i>	Campbell Crossan, <i>Cas.</i>
		Andrew Cumming, <i>V. P.</i>	Ed. M. Crossan, <i>Ass't Cas.</i>
"	.. Kansas City...	Kansas City State Bank.	Merchants Exchange Nat. Bank.
	\$100,000	Wiley O. Cox, <i>P.</i>	Mark Coppinger, <i>Cas.</i>
		Samuel W. Jurden, <i>V. P.</i>	.....
NEB ...	David City.....	City National Bank.....	Chemical National Bank.
	\$50,000	Benjamin O. Perkins, <i>P.</i>	Edward E. Leonard, <i>Cas.</i>
		James Bell, <i>V. P.</i>	Eugene V. Dunphy, <i>Ass't Cas.</i>
"	.. Octavia.....	Bank of Octavia.....	.....
	\$30,000	J. B. Morgan, <i>P.</i>	Frank R. Coon, <i>Cas.</i>
"	.. Pilger.....	Stanton County Bank....	Hanover National Bank.
		(McNish & Graham)	Bernard H. Schaberg, <i>Cas.</i>
N. J....	Egg Harbor....	Egg Harbor Com. Bank.	Chase National Bank.
		Samuel Rothholz, <i>P.</i>	Herman Dietz, <i>Cas.</i>
		H. G. Zane, <i>V. P.</i>	.....
		R. Ohnmeiss, <i>V. P.</i>	.....
"	.. Gloucester....	Gloucester City N. B'k....	.....
	\$50,000	Chas. L. Work, <i>P.</i>	Samuel W. Stokes, <i>Cas.</i>
N. Y...	Syracuse.....	Thos. T. Brewster.....	Knauth, Nachod & Kuhne.
OHIO...	Cedarville.....	Bank of Cedarville.....	Chemical National Bank.
		Geo. W. Harper, <i>P.</i>	Wm. L. Clemans, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent</i>
ORE....	Medford.....	Jackson County Bank... \$25,000 John H. Bentley, <i>P.</i>	Corbin Banking Co. Wm. I. Vawter, <i>Cas.</i>
PENN...	Berwyn.....	Berwyn National Bank... \$50,000 Joseph W. Sharp, <i>P.</i>	..... J. C. Hall, <i>Cas.</i>
		Isaac A. Cleaver, <i>V. P.</i>	
S. C....	Johnston.	Bank of Johnston.....	Seaboard National Bank.
		Wm. J. Ready, <i>P.</i>	David T. Ouzts, <i>Cas.</i>
		Robert A. Turner, <i>V. P.</i>	
TENN..	Coal Creek.....	Anderson Co. Sav. Bank.	Chase National Bank.
		\$10,000	E. F. Buffat, <i>Cas.</i>
VA....	Crewe.....	Bank of Crewe.....	.....
		\$15,000 Wm. H. Mann, <i>P.</i>	R. Baxter Jones, <i>Cas.</i>
		Joseph H. Sands, <i>V. P.</i>	
WASH..	Mt. Vernon....	Skagit River Bank.....	.....
		\$25,000	B. Hufty, <i>M'gr.</i>
Wis....	Ashland.....	Ellis & Gregory.....	National Park Bank.
		\$5,000	
" ..	La Crosse.....	John Lienlokken.....	Seaboard National Bank.
		\$10,000	
" ..	West Superior..	Bank of Commerce.....	Bank of North America.
		\$40,000 Chas. L. Catlin, <i>P.</i>	Walter C. Brooks, <i>Cas.</i>
		Henry H. Bell, <i>V. P.</i>	John A. Brandt, <i>Ass't Cas.</i>
ONT....	Chatham.	Standard B'k of Canada.	.....
			Robert N. Rogers, <i>M'gr.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 317.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY..	Dry Dock Sav. Institution.	Andrew Mills, <i>P.</i>	Chas. Curtiss.
		Chas. Miehlung, <i>Cas.</i>	Andrew Mills.
ALA....	First Nat. Bank, Anniston.....	S. E. Noble, <i>V. P.</i>	Samuel Noble.
" ..	Exchange Bank,	W. W. Hedges, <i>P.</i>	J. D. Roque more.
	Decatur. {	Geo. S. Gaines, <i>Cas.</i>	W. W. Hedges.
ARK ...	Boone Co. Bank, Harrison....	R. S. Armitage, <i>P.</i>	H. C. King.
CAL....	Bank of Elsinore,	William Collier, <i>P.</i>	Thompson Frame.
	Elsinore. {	Thompson Frame, <i>V. P.</i>.....	.....
" ..	Bank of Healdsburg, Healdsb'g.	W. G. Fraser, <i>Ass't Cas.</i>.....	.....
" ..	Bank of Lake,	J. W. Wilson, <i>Cas.</i>	Samuel Cohn.
	Lakeport. {	D. C. Rumsey, <i>P.</i>	F. D. Tunis.
		D. C. MacDougal, <i>V. P.</i>.....	.....
" ..	Peoples Bank,	Wm. B. Dole, <i>P.</i>	Chas. French.
	Pomeroy. {	S. N. Androus, <i>V. P.</i>.....	.....
		Geo. H. Hopkins, <i>Cas.</i>	Geo. J. Mitchell.
" ..	Bank of Shasta Co., Redding..	John H. Dole, <i>Ass't Cas.</i>.....	.....
" ..	San Joaquin Val. B., Stockton.	Chas. Cadwalader, <i>P.</i>	C. C. Bush.
COL....	First National Bank,	G. B. Claiborne, <i>P.</i>	C. I. Leach.
	Pueblo. {	M. D. Thatcher, <i>P.</i>	John A. Thatcher.
		R. F. Lytle, <i>Cas.</i>	M. D. Thatcher.
CONN..	Brooklyn Sav. B., Brooklyn....	Marvin H. Sanger, <i>P.</i>	W. Woodbridge.*
" ..	Berlin Sav. Bank, Kensington..	Willis H. Upson, <i>Treas.</i>	Royal R. Upson.
" ..	Farm. & Mech. S. B., Middlet'n.	Fred. B. Chaffee, <i>Treas.</i>	Geo. N. Ward.
" ..	Chelsea Sav. Bank, Norwich....	Henry Bill, <i>P.</i>	Lorenzo Blackstone
" ..	Dime Sav. Bank, Norwich....	Frank L. Woodard, <i>T.</i>	J. Hunt Smith.
" ..	Bank of Selma, Selma.....	John A. Stroud, <i>P.</i>	J. G. S. Arrants.
DAK....	Bank of Ardoch,	John Stevenson, <i>P.</i>	Ernest R. Jacobi.
	Ardoch. {	Wm. McLaren, <i>V. P.</i>.....	.....
" ..	Bank of Bijou Hills,	A. V. Wilson, <i>P.</i>.....	.....
	Bijou Hills. {	Geo. D. Rose, <i>V. P.</i>.....	.....
		Sylvester E. Wilson, <i>Cas.</i>	.....
" ..	Bank of Centreville, Centreville.	Geo. D. Dayton, <i>P.</i>	J. L. Bennett.
" ..	Duel County Bank,	W. J. Sanborn, <i>P.</i>	M. E. Shelley.
	Gary. {	C. H. Sanborn, <i>Cas.</i>	C. L. Shelley.
" ..	Bank of Lisbon, Lisbon.....	Chas. R. Palmer, <i>Cas.</i>	C. B. Wisner.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
DAK....	Spink County Bank, Redfield.	Alonzo Chase, <i>Cas.</i>	F. A. Dawes.
		W. R. Dawes, <i>A. Cas.</i>	
IDAHO..	First Nat. Bank, Moscow.....	H. C. Baker, <i>Cas.</i>	Wm. W. Baker.
ILL....	Bank of Montreal, Chicago.....	E. M. Shadbolt, <i>A. M.</i> ...	R. Y. Hedden.
"	First National Bank, Lincoln.	Frank Frorer, <i>P.</i>	
"	Bank of Mt. Morris, Mt. Morris.	J. H. Rice, <i>Cas.</i>	Ralph W. Trine.
"	Peoria National Bank, Peoria.	G. H. McIlvaine, <i>V. P.</i>	
"		C. C. Lines, <i>Act'g Cas.</i> ...	G. H. McIlvaine.
"	Livingston Co. N. B., Pontiac.	Jos. Spiro, <i>Cas.</i>	Jos. Spire.
"	Clark's Bank, Utica.....	M. J. Clark, <i>P.</i>	James Clark.*
"	First National Bank, Wenona.	J. W. H. Hodge, <i>Cas.</i>	Chas. H. Fowler.
IND....	Peoples Sav. B., Evansville.....	John Rheinlander, <i>S. & T.</i>	J. W. Walker.
"	Citizens Bank, Greenfield.....	Geo. H. Cooper, <i>Cas.</i>	John B. Simmons.
"	Prairie City B., Terre Haute.	F. T. Borgstrom, <i>A. & A. C.</i>	
IOWA ..	Iowa Valley Bank, Belmond.....	Grace Richardson, <i>Cas.</i> ...	Lorena Richardson
"	Davenport Sav. B., Davenport.	Anthony Burdick, <i>P.</i>	
"	Crawford Co. State Bank, Denison.	M. E. Jones, <i>Cas.</i>	W. H. Kridler.
"		Herman Heicksen, <i>A. C.</i>	
"	Bank of Granville, Granville....	N. H. Graff, <i>Cas.</i>	Henry Ricker.
"	Humboldt Co. Bank, Humboldt.	S. Rogers, <i>V. P.</i>	
"		R. J. Johnson, <i>Cas.</i>	M. H. Stoddard.
"		E. A. Hills, <i>Ass't Cas.</i> ...	
"	Citizens Bank, Milton.....	W. E. Billups, <i>Cas.</i>	Wm. D. Russell.
"		L. E. Zachary, <i>P.</i>	Ira E. Draper.
"	Farmers & Traders Bank, Prairie City.	B. E. Zachary, <i>V. P.</i>	
"		Ira E. Draper, <i>Cas.</i>	O. W. Draper.
"		F. V. Draper, <i>Ass't Cas.</i>	
"	Bank of Schaller, Schaller.....	Samuel Hart, <i>P.</i>	P. W. Thompson.
"	First National Bank, Storm Lake.	Zeph. Chas. Felt, <i>P.</i>	Joseph Sampson.
"		A. H. Waitt, <i>Ass't Cas.</i> ...	Zeph. Chas. Felt.
KAN ...	Farmers Bank, Hugoton.....	O. E. Davis, <i>Cas.</i>	Frank R. Edwards.
"	Bank of Leoti City, Leoti City.	Arthur P. Barker, <i>P.</i>	
"		J. P. Gage, <i>V. P.</i>	
"		J. H. Durham, <i>Cas.</i>	
"	First National Bank, Lincoln.	Geo. H. Newell, <i>P.</i>	F. A. Head.
"		Frank F. Chase, <i>Cas.</i>	E. W. McJunkin.
"	First National Bank, Marion....	Fred L. Frazer, <i>A. Cas.</i> ...	
"	Meade Co. N. B., Meade Center.	Fred. L. Stevens, <i>V. P.</i> ...	Edward Dool.
"	Mound City Bank, Mound City.	C. L. Long, <i>Cas.</i>	C. F. Simmons.
ME....	Gardiner Savings Bank, Gardiner.	Weston Lewis, <i>P.</i>	Robt. Thompson.
"		H. S. Webster, <i>Treas.</i> ...	Weston Lewis.
"	Hallowell Sav. Inst., Hallowell.	Eliphalet Rowell, <i>P.</i>	Justin E. Smith.
"	Phillips Sav. Bank, Phillips....	P. A. Sawyer, <i>P.</i>	J. W. Butterfield.
MD....	Metropolitan Savings Bank, Baltimore.	C. C. Shriver, <i>P.</i>	
"		James J. Ryan, <i>Treas.</i> ...	C. C. Shriver.
MASS..	Fitchburg National Bank, Fitchburg.	B. N. Bullock, <i>P.</i>	Ebenezer Torrey.*
"		H. G. Townsend, <i>Cas.</i> ...	B. N. Bullock.
"	First Nat. Bank, Provincetown.	Wm. R. Mitchell, <i>A. C.</i> ...	
"	First Nat. Bank, West Newton.	Edward P. Hatch, <i>Cas.</i> ...	Wm. R. Mitchell.
MICH ..	Exchange Bank, Cass City.....	A. H. Ale, <i>Cas.</i>	
"	First Nat. Bank, Decatur.....	P. W. Van Duzer, <i>Cas.</i> ...	L. D. Roberts.
"	Fourth National Bank, Grand Rapids.	Delos A. Blodgett, <i>V. P.</i> ...	Geo. C. Peirce.
"		H. W. Nash, <i>Cas.</i>	H. P. Baker.
"	Peoples Bank, Manchester.....	C. W. Case, <i>Cas.</i>	W. L. Watkins.
"	Second National Bank, Owosso.	J. Seligman, <i>P.</i>	A. T. Nichols.
"		M. Miner, <i>Cas.</i>	E. M. Miller.
"	Oxford Sav. Bank, Oxford.....	W. J. Tunstead, <i>P.</i>	J. D. Hagerman.
"		H. Thorson, <i>P.</i>	Lewis J. Brown.
MINN..	Bank of Ashby, Ashby.	A. D. Davidson, <i>V. P.</i> ...	
"		Donald R. Davidson, <i>Cas.</i>	H. Thorson.
"		Alice W. Davidson, <i>A. C.</i> ...	
"	Merchants Nat. B., Crookston.	W. C. Kelso, <i>Cas.</i>	A. P. Hanson.
MISS....	Merchants Bank, Grenada.....	John Powell, <i>P.</i>	Samuel Laurence.
MO....	Bank of Archie, Archie.	Wm. H. De Jaonatt, <i>P.</i> ...	C. P. Shaver.
"		Clifton R. Barnes, <i>Cas.</i> ...	C. P. Shaver.
"	Bank of Holden, Holden.....	J. D. Parks, <i>Cas.</i>	S. W. Jurden.
"	St. Clair Co. Bank, Osceola....	T. D. Hancock, <i>P.</i>	L. A. Mentzer.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
MO.....	Peoples Bank, Perry.	Samuel B. Smith, <i>P.</i> T. B. Powers, <i>V. P.</i> Joshua Ward, <i>Ass't Cas.</i>	John Bledsoe.
" ..	Lawrence Co. B., Pierce City..	L. L. Allen, <i>Cas.</i>	Chas. E. Allen.
MONT ..	First Nat. Bank, Fort Benton..	C. E. Conrad, <i>V. P.</i>.....	.....
NEB....	Farmers & Drovers Bank, Battle Creek.	B. Meyel, <i>Cas.</i>	W. L. Willis.
" ..	Bank of Chapman, Chapman..	C. W. Thomas, <i>P.</i>.....	.....
" ..	First National Bank, Clay Center.	L. D. Fowler, <i>P.</i> Geo. P. Schwab, <i>V. P.</i>	Geo. H. Cowles. L. D. Fowler.
" ..	State Bank, Cortland.....	James F. Prentiss, <i>Cas.</i>	J. H. Ballard.
" ..	Citizens Bank, Geneva.....	E. K. Cobb, <i>Cas.</i>	J. M. Fillebrown.
" ..	City National Bank, Hastings.	J. M. Ferguson, <i>Cas.</i> B. F. Durham, <i>A. Cas.</i>	C. F. Parmelee. J. M. Ferguson.
" ..	State Bank of Hooper, Hooper.	Carl J. Hahn, <i>Cas.</i>	Emil J. F. Burgh.
" ..	Red Cloud National Bank, Red Cloud.	M. J. Scanlon, <i>P.</i> M. B. Edleman, <i>Cas.</i>	J. W. Sherwood. L. P. Albright.
" ..	Riverton Exchange Bank, Riverton.	Wm. M. Brooks, <i>P.</i> Gilbert E. Brooks, <i>Cas.</i>.....	..... Frank W. Dean.
" ..	Stuart State Bank, Stuart.....	David Adams, <i>P.</i>	M. P. Kinkaid.
" ..	First National Bank, Sutton.	L. D. Fowler, <i>P.</i> M. L. Luebben, <i>Cas.</i>	Geo. H. Cowles. L. D. Fowler.
" ..	Commercial B., Weeping Water.	T. K. Clark, <i>P.</i>	P. S. Barnes.
" ..	The State Bank, Wilcox.	F. S. Smith, <i>P.</i> W. R. Sapps, <i>V. P.</i> J. W. Moore, <i>Cas.</i>	James R. Hanford.
N. H....	Rochester Savings Bank, Rochester.	Wm. Rand, <i>P.</i> J. T. Dodge, <i>V. P.</i>	Ebenezer J. Mathes.
N. Y....	Jamestown National Bank, Jamestown.	E. F. Dickinson, <i>Cas.</i> Samuel J. Giles, <i>A. Cas.</i>	Mason M. Skiff.
OHIO....	American Nat. Bank, Findlay..	L. W. Eoff, <i>Cas.</i>	Sam'l W. Miller.
" ..	First National Bank, Toledo..	S. D. Carr, <i>V. P.</i>.....	.....
" ..	First Nat. Bank, Wilmington..	C. A. Bosworth, <i>P.</i>	C. M. Bosworth.*
R. I....	Nat. Hope Bank, Warren.....	C. R. Cutler, <i>P.</i>.....	.....
TEXAS ..	O'Connor & Sullivan S. Antonio.	Henry G. Nold, <i>Cas.</i>	A. Hansl.
WIS....	Ashland National Bank, Ashland.	Thomas Bardon, <i>P.</i> John H. Knight, <i>V. P.</i>	Allen C. Fuller. Thos. Bardon.
" ..	First National Bank, Baraboo..	Wm. A. Warren, <i>Cas.</i>	Chas. L. Sprout.
" ..	Union Nat. Bank, La Crosse...	E. R. Barron, <i>2nd V. P.</i>.....	.....

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from October No., page 319.)

3928	Cottonwood Valley Nat. Bank, Levi Billings, Marion, Kan.	L. P. Davis, \$50,000
3929	Vigo County National Bank.. Benjamin G. Hudnut, Terre Haute, Ind.	Chas. W. Conn, 150,000
3930	First National Bank..... H. M. Whinery, Ida Grove, Iowa.	E. M. Donaldson, 100,000
3931	First National Bank..... John S. Hanly, Eutaw, Ala.	Byron B. Barnes, 50,000
3932	North Western Nat. Bank.... Henry M. Marple, Aberdeen, Dak.	Abel Marple, 100,000
3933	Second National Bank..... J. Thos. C. Hopkins, Bel-Air, Md.	Frank S. Evans, 60,000
3934	City National Bank..... B. O. Perkins. David City, Neb.	E. E. Leonard, 50,000
3935	Wabash National Bank..... Joseph W. Busick, Wabash, Ind.	James I. Robertson, 120,000
3936	Gloucester City Nat. Bank.... Chas. L. Work, Gloucester, N. J.	Samuel W. Stokes, 50,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Continued from October No., page 319.)

- ALA.... Eutaw..... Bank of Eutaw, succeeded by First National Bank, same officers and correspondents.
- " .. Oxford Draper, Son & Co., & C. J. Cooper & Co., have been succeeded by the Bank of Oxford.
- CAL.... Grass Valley... First National Bank has gone into voluntary liquidation, succeeded by Citizens Bank.
- COL.... Cheyenne Wells Russell Bro's. Bank has closed out its business; no successors.
- DAK.... Bijou Hills..... Bank of Bijou Hills (A. L. Baker), now Wilson, Rose & Co., proprietors.
- " .. Gary..... Deuel County Bank has been incorporated, same correspondents.
- " .. Kimball..... Henry & Case, succeeded by Case & Whitbeck, same correspondents.
- " .. Wakonda..... Farmers Bank (H. H. Kittredge) has closed.
- " .. Webster..... Bank of Webster & Day County Bank have been succeeded by Webster City Bank.
- GA. Carrollton. E. G. Kramer has been succeeded by the Merchants & Planters Bank.
- ILL.... East Lynn..... Exchange Bank (O. O. Ross), is now the Bank of East Lynn, same proprietor.
- IOWA... Burlington..... Commercial Bank has gone out of business.
- " .. Eagle Grove... Bank of Eagle Grove, succeeded by State Bank of Eagle Grove.
- " .. Ida Grove..... Ida County Bank has been bought by the First National Bank.
- " .. Logan..... Caldwell's Bank has been succeeded by Logan Bank.
- " .. Nora Springs... Farmers Exchange Bank, sold out to Nora Springs Bank.
- " .. Stuart..... Stuart Savings Bank has gone out of business.
- KAN.... Blue Mound... Bank of Blue Mound has been incorporated.
- " .. Cawker City... First National Bank has gone into voluntary liquidation, and succeeded by Cawker City State Bank, same officers and correspondents.
- " .. Coolidge The Citizens Bank has closed and transferred its entire business to the Coolidge State Bank.
- " .. Frisco..... International Bank is reported closed.
- " .. Kansas City... The Fidelity Investment Co. has been absorbed by the Husted Investment Co.
- " .. Leoti City..... Bank of Leoti City has been incorporated, same correspondents.
- " .. Lincoln..... Chase State Bank has purchased a controlling interest in the First National Bank, and will transfer all their business to that institution at an early date.
- " .. Marion..... Cottonwood Valley Bank has been succeeded by the Cottonwood Valley National Bank, same officers.
- MD. ... Baltimore..... Peabody Savings Bank, succeeded by City Savings bank, same officers.
- MASS... Boston..... Joseph Davis, Corey & Co. have gone out of business.
- MICH... Buchanan..... Farmers & Manufacturers Bank has been succeeded by First National Bank.
- " .. Edmore..... Gardner & Gardner, succeeded by Edmore Exchange Bank, Wm. H. Gardner, proprietor.
- MINN... Park Rapids... Banking House of Winslow & Marshall, now Banking House of Wm. L. Winslow.

- MO.... Archie..... Bank of Archie has been incorporated, same correspondents.
 " .. Bethany..... Banking House of C. Crossan, succeeded by Harrison County Bank.
 " .. Kansas City.... Cox & Coppinger, now Kansas City State Bank.
 " .. St. Louis..... Nelson & Noel, succeeded by H. M. Noel & Co., same correspondents.
- NEB.... Ainsworth..... Bank of Ainsworth has been incorporated.
 " .. Broken Bow... Central Nebraska Banking Co., now Central Nebraska National Bank.
 " .. Chadron..... Bank of Chadron has been incorporated, same officers.
 " .. David City..... David City Bank & Merchants & Farmers Bank have been succeeded by City National Bank.
 " .. Wilcox..... The State Bank has been incorporated, same correspondents.
- N. MEX. East Las Vegas City Bank has merged into the First National Bank of Las Vegas.
- OHIO... DeGraff..... Citizens Bank (Loufbourrow & Williams), now I. S. Williams, proprietor.
- PENN... Pittsburgh..... Farmers & Mechanics Bank reported failed.
- TEXAS.. Tyler..... E. C. Williams & Co., succeeded by the First National Bank.
- W. VA.. Morgantown.. Merchants National Bank has gone into voluntary liquidation.
- WIS.... West Superior.. Marnie & Mercantile Bank, succeeded by First National Bank, same officers.

DEATHS.

BAKER.—On October 1, aged thirty-nine years, W. N. BAKER, Cashier of State Bank of Florida, Jacksonville, Fla.

BOSWORTH.—On October 11, aged seventy years, CHAS. M. BOSWORTH, President of First National Bank, Wilmington, O.

COLTON.—On September 24, aged fifty-three years, A. D. COLTON, Cashier of People's Bank, Minneapolis, Minn.

COOPER.—On August 22, aged fifty-five years, SIDNEY R. COOPER, President of Santa Rosa National Bank, Santa Rosa, Cal.

ELMER.—On October 1, aged forty-six years, RICHARD A. ELMER, President of American Surety Co., New York City, N. Y.

L'ENGLE.—On September 14, aged thirty-eight years, HENRY A. L'ENGLE, Manager of State Bank of Florida, Jacksonville, Fla.

LYMAN.—On August 20, aged fifty-four years, NATHAN E. LYMAN, President of People's Bank, Rockford, Ill.

MARVIN.—On October 8, aged twenty-four years, FRANK MARVIN, Cashier of Ambler, Marvin & Stockton's Bank, Jacksonville, Fla.

MOORES.—On September 10, aged thirty-seven years, C. W. MOORES, partner of the firm of Moores & Carr, proprietors of Mount Pleasant Bank, Mount Pleasant, Texas.

SAEGER.—On October 1, aged seventy years, ELI J. SAEGER, President of National Bank of Catasauqua, Catasauqua, Penn.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, OCTOBER, 1888.

Openings, Highest, Lowest and Closing Prices of Stocks and Bonds in October.				RAILROAD STOCKS.				MISCELLANEOUS.			
GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
Interest Periods.	Open- ing.	High- est.	Low- est.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
4 ¹ / ₂ 1891.... reg.	107 ¹ / ₂	108 ¹ / ₂	107 ¹ / ₂	Col., H. Valley & Tol.....	27	25 ¹ / ₂	29 ¹ / ₂	Norfolk & Western.....	22	22	16 ¹ / ₂
4 ¹ / ₂ 1891.... coup.	107 ¹ / ₂	108 ¹ / ₂	107 ¹ / ₂	Col. & H. C. & I.....	119 ¹ / ₂	119 ¹ / ₂	25 ¹ / ₂	Do	57 ¹ / ₂	50 ¹ / ₂	51 ¹ / ₂
4 ¹ / ₂ 1891.... reg.	128	129	126 ¹ / ₂	Del., Jack. & W.....	141 ¹ / ₂	144 ¹ / ₂	20	Northern Pacific.....	62 ¹ / ₂	62 ¹ / ₂	60 ¹ / ₂
4 ¹ / ₂ 1891.... coup.	129	130	126 ¹ / ₂	Do	21 ¹ / ₂	21 ¹ / ₂	139	Do	28	28	25 ¹ / ₂
6 ¹ / ₂ cur'cy, 1895 reg.	121	121 ¹ / ₂	121	Den. & Rio Grande.....	55 ¹ / ₂	55 ¹ / ₂	48 ¹ / ₂	Ohio & Mississippi.....	25 ¹ / ₂	25 ¹ / ₂	23 ¹ / ₂
6 ¹ / ₂ cur'cy, 1896 reg.	123 ¹ / ₂	124	123	Do	11	11 ¹ / ₂	9 ¹ / ₂	Ohio Southern.....	17 ¹ / ₂	17 ¹ / ₂	14
6 ¹ / ₂ cur'cy, 1897 reg.	126 ¹ / ₂	127	126	East Tenn. V. & G.....	75 ¹ / ₂	82 ¹ / ₂	74 ¹ / ₂	Oregon Imp't.....	70	77	72
6 ¹ / ₂ cur'cy, 1898 reg.	128 ¹ / ₂	129 ¹ / ₂	128	Do	26 ¹ / ₂	27 ¹ / ₂	24 ¹ / ₂	Oregon R. & N.....	91 ¹ / ₂	95 ¹ / ₂	93 ¹ / ₂
6 ¹ / ₂ cur'cy, 1899 reg.	131 ¹ / ₂	132 ¹ / ₂	131	Fort Worth & Den.....	24 ¹ / ₂	24 ¹ / ₂	23 ¹ / ₂	Oregon Short Line.....	35	44 ¹ / ₂	35 ¹ / ₂
				Do	21 ¹ / ₂	21 ¹ / ₂	20 ¹ / ₂	Oregon & Trans-Con.....	32	32	30 ¹ / ₂
				Illinois Central.....	—	118	118	Pacific Mail.....	40 ¹ / ₂	40 ¹ / ₂	37 ¹ / ₂
				Indiana, Bloom. & Western	10 ¹ / ₂	10 ¹ / ₂	10 ¹ / ₂	Peoria, Decatur & Evansville	28 ¹ / ₂	28 ¹ / ₂	26
				Lake Erie and Western.....	16 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	Philadelphia & Reading.....	54 ¹ / ₂	54 ¹ / ₂	49 ¹ / ₂
				Do	55 ¹ / ₂	55 ¹ / ₂	53 ¹ / ₂	Pullman Palace Car Co.....	175	175	171
				Lake Shore.....	104 ¹ / ₂	104 ¹ / ₂	101 ¹ / ₂	Richmond & Allegheny.....	—	—	—
				Long Island.....	91 ¹ / ₂	91 ¹ / ₂	92	Rich. & W. P. Term.....	26 ¹ / ₂	29 ¹ / ₂	28 ¹ / ₂
				Louisville, N. Alb. & Chic.	62 ¹ / ₂	62 ¹ / ₂	62 ¹ / ₂	Rome, W. & Ogd.....	—	90 ¹ / ₂	89 ¹ / ₂
				Manhattan Consol.....	41 ¹ / ₂	45	42	St. Louis, A. & T. H.....	—	48	45
				Marq. H. & O.....	96 ¹ / ₂	97 ¹ / ₂	94 ¹ / ₂	Do	—	—	—
				Do	88	90	88	St. Louis & San Francisco.....	33 ¹ / ₂	33 ¹ / ₂	35 ¹ / ₂
				Memphis & Charleston.....	92 ¹ / ₂	92 ¹ / ₂	92 ¹ / ₂	Do	73 ¹ / ₂	73 ¹ / ₂	65 ¹ / ₂
				Mil. L. S. & W.....	—	—	—	Do	113 ¹ / ₂	113 ¹ / ₂	112
				Minn. & St. Louis.....	—	—	—	St. Paul & Duluth.....	96 ¹ / ₂	96 ¹ / ₂	94 ¹ / ₂
				Mo., Kan. & Texas.....	7 ¹ / ₂	8	6 ¹ / ₂	Do	104 ¹ / ₂	104 ¹ / ₂	103 ¹ / ₂
				Missouri Pacific.....	11 ¹ / ₂	11 ¹ / ₂	11 ¹ / ₂	St. Paul, M. & M.....	—	24	24
				Nash. C. & St. L.....	84 ¹ / ₂	84 ¹ / ₂	82 ¹ / ₂	Southern Pacific Co.....	32 ¹ / ₂	32 ¹ / ₂	31
				N. Y. C. & Hudson.....	109 ¹ / ₂	109 ¹ / ₂	108 ¹ / ₂	Texas & Pacific.....	26 ¹ / ₂	26 ¹ / ₂	25 ¹ / ₂
				N. Y. C. & St. L.....	—	—	—	Union Pacific.....	63 ¹ / ₂	63 ¹ / ₂	64 ¹ / ₂
				N. Y. L. E. & W.....	76	76 ¹ / ₂	75 ¹ / ₂	Virginia Midland.....	35	35	34 ¹ / ₂
				N. Y. & New Eng.....	39 ¹ / ₂	40 ¹ / ₂	39 ¹ / ₂	Wabash, St. Louis & Pacific	15 ¹ / ₂	15	15
				N. Y. Ont. & W.....	55 ¹ / ₂	55 ¹ / ₂	53 ¹ / ₂	Do	29 ¹ / ₂	29 ¹ / ₂	27 ¹ / ₂
				N. Y. Sus. & W.....	171 ¹ / ₂	171 ¹ / ₂	16 ¹ / ₂	MISCELLANEOUS—	—	—	—
				Do	37 ¹ / ₂	37 ¹ / ₂	34	Express—Adams.....	150 ¹ / ₂	155	147
					—	—	—	American.....	80	80	80
					—	—	—	United States.....	140	140	138
					—	—	—	Wells-Fargo.....	86 ¹ / ₂	86 ¹ / ₂	83 ¹ / ₂
					—	—	—	Western Union.....	—	—	—
					—	—	—	Silver Bullion Cert.....	—	—	—

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No. 6.

RELATION OF POLITICS AND FEARS TO BANKING.

Banking suffers less from elections and political discussion than many other kinds of business. For several months we have heard constantly of disaster to production in the event of the defeat of one party and the success of the other, but no harm has been prophesied to the banking business, whoever might be elected President, or whatever party obtained control of Congress. Of course, banking is not so far removed from manufacturing or merchandising as to remain unaffected when they suffer. Usually, when disaster overtakes manufacturing, for example, the banks ultimately feel it in smaller deposits and declining rates of interest, and also in the failure of manufacturers to meet their obligations; and these events are finally recorded in banking, in the form of diminished dividends and surplus; but the business does not stop, the doors are not closed, except when failures occur, and the shock is felt, as above explained, in a smaller degree of prosperity than during good times.

It is unquestionably true that, while banks do not feel so many consequences from change in law and from the ups and downs of trade as some other great departments of the business world, they are often unreasonably disturbed by their fears and surroundings. There are two types of mind, and we suppose always have been, in the world; the one type possessing strong faith in the future, and always seeing the bright side of things; the other possessing little or no faith, and seeing only darkness and disaster. These two

types of mind have both tended toward exaggeration of late years, in consequence of the changed modes of doing business, and especially in consequence of the speculative element which has become so dominating a feature everywhere in trade. The business speculator is an exaggerator, a fictionist of the worst kind; he lives and thrives on the uncertainties of things. If business moved smoothly day by day, without serious changes, he would disappear. There would be no room for him, and his occupation would be gone. Therefore, it is needful for him to exaggerate the causes affecting business to the highest degree, and with the aid of newspapers and the telegraph nothing is easier than to intensify the events of the time, and to exaggerate impending dangers and future changes. So we are daily treated to exaggerated causes of every kind, and these have so multiplied that even the more sober and steady are beginning to weigh the speculator's prognostications as he never did before. Many a thoughtful business man, who to-day is fearful of the exaggerations of the speculative class, would, a few years ago, have pooh-poohed them. It will be admitted that these fears are not wholly groundless. They have a basis in the reality of things, but are not so potent in shaping business as they are often supposed or declared to be.

One of the best illustrations of this truth is the money scare to which we have been treated for the last four months. In the summer the exaggeration began that there would not be money enough to conduct the exchanges of the autumn. There was a time, indeed, when much money flowed south and west to move the crops; but long ago the quantity, in proportion to the amount of business to be done, lessened, for the simple reason that in the West especially, a large amount of money, in the natural course of things, has accumulated, so that there is less need of sending money than was the case thirty years ago. Notwithstanding this very obvious fact, the old cry was raised and continued with no little effect, that large sums would be needed, and would it be forthcoming? So daily the speculation concerning the probabilities in the case went on until money began to flow eastward again, and then the cry ceased. Let it be remembered that during this period the New York banks had plenty of funds; they did not at any time reach the reserve limit. Indeed, they were quite a considerable distance from it, and at no moment was there danger of reaching the reserve line. The year before the same old scare was raised, and with as little reason. There truly was a basis of truth on which to found this exaggeration. Some money did flow outward for the purposes above named; but the quantity was not very alarming. It could be spared just as well as not. The interest rates were not driven so high as to affect anyone seriously,



and there was not the smallest real danger at any time that any person or class would suffer from this movement of money to the South and West. If the element of exaggeration had been intelligently removed, it would have been seen all along that the business of the country was in a perfectly safe condition, that the instruments for conducting it were ample, and that there was no real basis for serious fears of any kind.

Another fear which is haunting the minds of some persons, is, that the country will eventually suffer for a circulating medium. It is thought that the national banking system is near its end, and that, when ended, the business world will probably go to pieces for lack of banking machinery to aid it. The truth is, the national banking system is the best this country has ever had; but it is due less to the enactment of the national banking law than to the growth of banking intelligence. The increased intelligence is not so much the outgrowth of the law, as the law is the outgrowth of a better knowledge of banking. Let us separate clearly in our minds the function of issuing currency from that of conducting the business of banking. Bankers have, perhaps, learned more during the last thirty years in conducting their business than any other class of business men in the country. It is true that enormous strides have been made in manufacturing, in production of every kind, but the bank of to-day is a very different kind of an institution from the bank of thirty or forty years ago. It is true that occasionally a bank makes a mistake; will discount paper which it ought not, and thereby is a loser; but, after all, how much smaller are the losses compared with the total amount of money in the banking business than were the losses of, say, thirty years ago! Why is this? One answer is, that the borrower is richer than he was then; he possesses larger capital and is better able to pay when adversity overtakes him than he was at the time fixed for comparison. In other words, there is a great deal more wealth in the country, and, therefore, losses are better sustained than they were in the earlier period of our country's history. This remark, of course, contains more or less truth; but, after all, we think the greater truth is, that the managers of our banks are, on the whole, a far more intelligent class of persons; that they master their business more carefully, scan the worth and capacity of the lender to pay more thoroughly, and, consequently, suffer fewer losses than they did formerly. So, too, in employing clerks and systematizing business, the bank of to-day is a great improvement on the bank of half a century ago. It is by reason of this great improvement in modern banking that the system has become entirely different from what it was; and these improvements are not particularly due to the national banking law, but, as above remarked, to the

growth in intelligence of the managers of our banks. It is quite true that bad laws might have had the effect of retarding the growth of such a system; they might have put a premium on laxity and neglect in conducting the business, but, except in these regards, our superb banking machinery is more the product of individual intelligence than the creation and development of law. Too much credit, therefore, has been given to the national banking act as the foundation stone of what we see around us to-day in the banking community, and hence, if the law were repealed, or if the system went out of sight, we have no doubt that our excellent banking institutions would live and thrive as they have done in the past.

The national bank note circulation is quite another matter. Of course, this is a vast improvement on the circulation formerly issued by the State banks; but if our national banking system should go, and with it the national bank circulation, it is easy enough to provide a substitute for the latter, while the banks themselves, if the foregoing reasoning be correct, would be quite as strong and healthful without the national banking act behind them as they are with it. As for the notes, the Government can supply all the currency that is needed. Two principles we hold to be good: First, the Government should have nothing to do with the banking business. This should be reserved exclusively for these institutions. Secondly, it is no function of a bank to issue money. That is as exclusively the prerogative of the Government. So long as our gold and silver mines are yielding as plentifully as they do at present, there need be no trouble in supplying a circulating medium for the country. The figures, with which all are familiar, show that the circulation is constantly expanding by the employment of both metals, and the increase we believe to be quite large enough for all purposes. It is true there is a silver question pending, and which must be settled; but we have no doubt what the settlement will be. Either silver will be restored to its former gold valuation, or else the difference between its market and legal valuation will be bridged over or made good by the Government, so that the holders of our silver currency will, in the end, lose nothing. We believe that the good faith and common honesty of the people will require that this shall be done. So long as the two circulate readily, and no discount appears in taking silver, very likely nothing will be done; but the moment a parting shall take place between the market and legal values, in other words, as soon as people are unwilling to take silver except at a discount, in whatever form that discount shall show itself, we believe the Government will take action to make good the loss, so that no danger need be apprehended from the circulation of silver in this country.

A REVIEW OF FINANCE AND BUSINESS.

AFTER-ELECTION DULLNESS.

With an end of the election excitement, both before and after, an improvement in business had been predicted by each party, in case of its success, until the business community had come to expect it in any event. Hence the disappointment at the result, as election has been followed by greater weakness and more general dullness than usual at this season of the year, when the delayed fall trade should be at its height, stimulated as it already has been by the holiday and winter demand for seasonable goods. This disappointment is due to two reasons. The first is that already noticed in this column, namely, that fall trade was *not* delayed this year on account of the presidential election, as much as usual, because the business men of the country have learned that it is safe in the hands of either party, and that the politicians' cry of "ruining it," is only ante-election buncombe. The second is the consequence of the first, namely, that there has not been the usual rush and activity to buy goods after election, because of the unusually greater activity before, which makes this year duller than usual after a presidential election, instead of as expected. Yet, if compared with the average year, there is not so much cause of complaint as has been heard.

FEARS OF BUSINESS DEPRESSION.

Hence the forebodings of "another business depression," which have been growing more common of late, do not seem to have the basis that one might believe, upon a superficial observation, although it cannot be denied that there are some grounds for these fears, which have been developing for a year past in a few important industries, notably the iron, which is still regarded as the best barometer of the general business of the whole country. This is one of the causes of these fears, which has existed for a year past, or since the suspension of the enormous railroad extensions of systems between Chicago and the Rocky Mountains. The other most potent reason has been found in the depression in railroad stocks, and the "discounting of the future by Wall street," which has come to be regarded as the next most infallible indication of the general business of the country. That the dullness in the iron trade was in part due to the above conditions there can be no doubt, while another and considerable part must be attributed to the assumed or actual belief that those industries were involved in the issue of the election.

CAUSE OF THE BREAK IN THE STOCK MARKET.

Now that this issue is decided in their favor, according to the

popular belief, it would be natural to expect some revival in activity there, while the demand from Trunk Lines as well as Western roads for more rolling stock to move crops, which are abnormally large, excepting wheat, ought to make good the loss of new railroad construction in part, or whole, unless there has been over-production and accumulation of iron for a year past. As to the other business barometer—the stock market, the depression in values has been due more to special than general causes, chief of which has been the Trunk Line rate war, while the Granger roads have been getting into trouble again, with the possibility of a general demoralization of rates and the apparent disregard of the rights of stockholders on the one hand, and of the Interstate Law on the other.

Whether the attempts to restore old pooling arrangements as a cure for this rate war evil will succeed, remains to be seen; and if successful, whether they will work the cure expected. This doubt is a cloud much larger than a man's hand over the stock market, which does not now seem likely to blow over at once, though the storm center may have passed by Wall street for the present, or until Europe gets its bearings and decides whether to hold or drop the rest of its holdings of stocks of roads involved.

THE RATE WAR SETTLEMENT AND PRICES.

At the close of the last week of the month, the prospects of settling the rate wars between both the Trunk Line and Granger roads were considered so good that the shorts rushed to cover their previous free sales, and put the stock market up quite sharply, though the Gould Southwestern system shares did not keep pace with their neighbors, and his Manhattan actually broke badly on the awarding of heavy damages to owners of abutting property by the commission appointed to assess the damage to real estate along the lines of the elevated road. This was a surprise, as the first awards of the commission indicated a bias in favor of the Manhattan, it was popularly supposed. Heavy damages, however, along its whole lines, means a cessation of dividends, if not worse. The buying of Trunk Line, and possibly Western, stocks, on the settlement of the rate war, was thought to be for long as well as short account.

STERLING EXCHANGE AND GOLD EXPORTS.

This European selling of American securities and our exports of gold are closely related to each other, and the future of this market depends more upon that for stocks than in many months, and may affect the money and bond markets also. The unexpected rise in exchange during the last of November to the gold exporting point, and the free shipments caused considerable alarm in

financial and commercial circles. But this was from force of habit contracted years ago, and during our suspension of specie payments, when our stock of gold was low. Now there is no occasion for these periodical flurries in stocks and money whenever we export a few millions of gold, as usual at this season of the year, in payment of heavy importation of goods during the autumn, at a time when our exports run low. These are now on the increase, and the increase is likely to continue, as shipments of corn, provisions, and cotton are now gaining more than enough to make good the deficiency in wheat and flour exports; at the same time the period of heaviest imports is past. As to the danger of a drain of gold from this country, it exists in the imagination of Wall street only, formed under wholly different conditions. We have gained in our supply of gold since the resumption of specie payments in 1879, 475 millions of dollars net, and we are producing 35 millions annually in this country.

THE BOND AND MONEY MARKETS.

The purchases of Government bonds to date, under last April's circular, have reached nearly 100 millions of dollars, of which there were about $51\frac{1}{2}$ millions of 4 per cents on November 29th, which cost over 66 millions, and over 45 millions of $4\frac{1}{2}$ per cents, which cost nearly 49 millions. Purchases have not been large of late, neither the offerings, and the market has been firm and quiet. Railroad bonds have sympathized with stocks somewhat, but without special feature or activity, though steadier at the close with them, on talk of settling the Trunk Line and Southwestern rate wars. Call loans on stock collateral bring 2 @ $2\frac{1}{2}$ per cent., and the market is quiet and easy. The market for time loans does not show particular activity. Transactions are reported on about the following terms: For sixty days, $3\frac{1}{2}$ per cent.; three months, 4 per cent.; four to six months, $4\frac{1}{2}$ per cent. Commercial paper finds a ready market, but the amount actually sold is small. Prime double names sell at about $4\frac{1}{2}$ per cent. There are reports that considerable four-months' mercantile paper has been placed in this city, the last of the month, at $4\frac{1}{4}$ per cent., but this cannot be called a common rate. The banks are taking a little first-class paper, but do not care to go below $4\frac{1}{2}$ per cent., although the prospects are in favor of continued increase in their reserves during the balance of this year.

THE WHEAT SPECULATION

for the bull account collapsed during the month past, and the prices of spot and the December option, both in New York and Chicago, went dangerously near \$1 per bushel, against over \$1.20 in both markets early in October. Hutchinson, of Chicago, kept his promise to the shorts so faithfully in September and early

October, to put the price of spot wheat to \$1.25 each month in the year, that from disbelievers in his threats, everybody turned believers, covered their shorts at the top or near it, then went long on the breaks, and sat down and waited for him to keep his promise and make them a profit on their purchases. This child-like confidence in his disposition, as well as ability to work for the public instead of for himself, and to put up the price of wheat, suffered a rude shock the last week in October, during which time he had made a special promise to make the price \$1.25, for it broke below \$1.20, and has not since stopped going down, under his continuous selling, until the last week in November, when it struck bottom, for the time at least, at a little over \$1, as stated above.

By this time everybody who had bought in October had sold out in November, and gone short for \$1 again. But before it got there, heavy buying in Chicago, by unknown parties and brokers, was kept up for nearly a week, though Hutchinson was still a free seller openly, while some mysterious party was buying not only all he sold, but what everybody else sold as well. On the beginning of the last week of the month the Bears did not like this aspect of the market, and stopped selling. But when they had done this, they were surprised to find that everybody else had stopped also, and that there was no wheat for sale, except at higher prices. Then they wanted to buy back what they had sold short, and they found this same mysterious party ready to help them, by continued buying and bidding up of the market. This resulted in a regular stampede of the shorts, which included foreign houses again, as in September and October, and Wall Street, which had sold on the "exports of gold instead of wheat."

The Bears declared it was only a Thanksgiving boom, and that the shorts have now covered, while there is nothing to prevent another break but continued long buying. In the meantime, there is no export demand, except for Portugal semi-occasionally, and foreign markets kept 5 and 7c. under us on our 15c. decline, as they had on the previous 25c. advance, for they are getting all the wheat they want, till into the new year at least, from Russia, India and California, at the usual difference under our markets, which is always enough to get trade away from us, no matter what we ask, as long as those countries have any surplus to sell. Hence, the talk that the speculation in Chicago is preventing exports from the Atlantic ports was disproven by the late decline.

THE ANOMALOUS POSITION OF FLOUR.

The situation of the flour market is more anomalous than that of wheat, for the reason that it is a non-speculative article for future delivery, while wheat is. Flour went up with wheat fully in

October, as the western millers were long of flour and generally long of wheat, and bulled the flour market by putting prices up rapidly and holding back supplies, in order to get wheat up. But they seemed to believe in the short crop of wheat, and especially of No. 1 Hard, more firmly than their Chicago Bull friends, and they staid "long" too long, both of wheat and flour, while the Chicago end of the deal got out before the Minneapolis end, and left the Northwestern millers with both their flour and wheat at high prices. In this dilemma, and with foreign markets from 25 to 75c. per bbl. under our own, they could unload nowhere, as they had filled the jobbing trade of this country up till January next on the advance. There was nothing left for them to do but to hold on. They have now been holding for a month, with almost no market and no business, until the last half of the month, when the heavy break in wheat made the Western millers let go, and the price broke about \$1 from the top, and half the late advance was lost. Since the reaction in wheat, however, the limits on flour have been raised again by the millers, who still believe in higher prices than yet, on this crop, as they find it difficult to get wheat at many interior points for local milling, and are compelled to shut down or buy in the central markets, and ship back to the point of production. Buffalo, even, has been getting old wheat from New York, because there is none in the West, or it is all held by millers there to mix with the new crop, which is poor, to make fine flour, which the new wheat will not. Hence, old wheat flours have kept pretty well up, while the new springs have been almost unsalable because of the poor quality, from frosted wheat, until the old became so scarce as to drive trade on the new springs to the new crop of winters, which are better than springs, except the fancy Patents, which are made from selected or old wheats.

THE PROVISIONS MARKETS

all ruled neglected and almost lifeless during the first half of November, as the winter packing season opened with small receipts of hogs all through the West, and prospects of a light supply until after the new year, when the large new corn crop is expected to be felt in larger supplies for the coming year. With this prospect of a declining market, there has been little encouragement to buy, while the light receipts of hogs and small stocks have made everybody afraid to sell, especially after the packers' experience of last year, described in our last. But during the last half of the month receipts of hogs have increased, as well as of corn, on an early and free movement of the new crop, which caused a decline in that grain, as well as in wheat. The packers and larger operators seized this opportunity, for which they had been waiting, and they have hammered the whole list, but especially pork, until they have

broken it over \$1 per bbl., in the absence of anything but a small and scattered speculative demand since early in the month, when Hutchinson bought a good deal, some of which he has sold out since. But at the break in spot and the near months for lard, to near the level of the January options, both English and Continental exporters came in and bought more freely than for months, or since the Fairbanks deal in Chicago culminated in a sharp advance in the near deliveries. This checked the break in lard, and caused a reaction, while bacon and meats followed pork instead of lard on a small speculative and nominal export trade, as England is now supplied by Continental Europe with bacon, to the exclusion of American, in both markets, since France and Germany shut us out by law.

THE COTTON CROP AND SITUATION.

Speculation in cotton has revived somewhat the past month, or since less doubt exists as to the amount of the crop, which is now most generally put at 7,000,000 bales. This is the more conservative estimate, and comes about midway between the radical Bull and Bear figures. The result, however, of its acceptance has been to attract buying rather than selling, though the Bears claim that consumption is not keeping up to the rate of last year, owing to the condition of the goods trade, which is said to be better supplied than a year ago, if not overstocked here and abroad. Exports from the Southern ports have been quite liberal so far, however, and while some think receipts will now increase, there is yet no pressure from the South to sell, and not stocks enough at the ports to cause it.

Exports of cotton—this crop—have been more largely from Southern ports direct than ever before, and would have been larger had it not been for the scarcity of tramp ocean steamers, which have received the best rates of freight in five years. New York has done a fair share of the trade, however, but less has gone to Liverpool than usual, while about 60,000 bales have gone to London, and considerable to Hull *en route* for the Continent, chiefly Antwerp, Hamburg, and Bremen direct, as well as to St. Petersburg.

THE OCEAN CARRYING TRADE AND SHIPBUILDING REVIVAL.

Ocean freights have continued scarce, as the demand for steamers for the Black Sea and India grain trade has drawn most of the tramp steamers out of the Atlantic trade, and shipping of all kinds is undergoing quite a sharp and general revival, which is leading to increasing activity in shipbuilding on this and the other side of the Atlantic. It is said, also, that a large number of iron tramp steamers have become unfit for use from being tied to the docks during the depression in the ocean carrying trade for several years past, as they have rusted out, causing an actual shortage in the world's tonnage.

To illustrate the difference compared with a year ago, we give the grain rates to the United Kingdom ports, which are now 4d. to 6d. against 1d. to 2d. or under a year ago, while cotton from Southern ports has paid as high as 62½ to 65 shillings to Liverpool this year, against half that or less a year ago. Live bees to London from New York are now paying £4 per head, or \$20, against \$10 a year ago, which was then thought a good rate.

THE GENERAL BUSINESS OUTLOOK.

The minor markets present little of importance for special comment, either favorable or unfavorable, except that they are dull and unsatisfactory. Speculation has been killed out of most of them by manipulation or general lack of the public in any of these merchandise markets. The wholesale and jobbing trade of the city are generally complaining, partly on account of the cool weather, and partly because of the fear of business men to embark in any new or important enterprises, or to take any more risks than obliged to do before the new year. Good weather will help the retail trade for the holidays, but it is not good yet, and wholesalers will have to await the new year for much change.

Printing Silver Certificates.—There is said to be a good deal of criticism among the bankers of Washington of the method now in vogue in the bureau of engraving and printing for printing the reverse side of the silver certificates. When Mr. Graves was installed in office as chief of the bureau, there were seven machines for printing from plates in operation. Now there are eighteen, and three more are soon to be added. It is asserted that no machine has yet been invented which will take the place of the human hand in distributing the ink over an engraved plate, and that with the present machines it is impossible to get good results with any other color than green. For this reason only the green side of the silver certificates is printed with the machines. The ink, too, is said to be inferior to that which is used when hand printing is done. The silver certificates printed on the machine are much less durable than those printed by hand, and the ink will easily rub off when the bills are in the least moist. Mr. Brooks, chief of the secret service division of the Treasury, said recently that the United States is falling to a rear place in the quality of the notes which it issues. He is opposed to the printing machines as a substitute for hand labor, and says that counterfeiting will increase in this country in direct proportion with the increase in the use of these machines.—*New York Sun.*

RAILROADS AND THE TARIFF.

Once more fierce war has raged between the eastern trunk railroads, which has somewhat affected the values of those properties and occasioned alarm among the stockholders. The real cause for this new war is a very old one, namely, the endeavor on the part of one or two of these roads to be smarter than the rest. Whenever this has been done the result usually has been a tariff war, lasting until the smart roads have lost all they gained by breaking agreements, and something more. No truth is more patent than this, that all of these efforts to be smarter than others engaged in the same business, to divert traffic when the whole business can be easily seen, is a very childish business, and can continue only a few days or weeks unexposed, and which, when discovered, is sure to cause bad blood and serious disturbance for a time at least. Railroads make the most solemn agreements to observe fixed rates, and then, perhaps after keeping them for a little while, some company, really thinking that it can be a little smarter than the others, begins the old game of giving an advantage to shippers, whereby a diversion of freight follows. These various subterfuges have been very well described in a recent issue of the New York *Tribune*.

"Most of the methods practiced in the evasion of west-bound rates are in the nature of devices which form violations of the Interstate Commerce Law. In some cases shipments, properly billed, so as to furnish no proof to Commissioner Fink of cutting, have, upon reaching destination, been corrected by telegraph, so as to give rates under the tariff. In other cases, cartage, which should have been charged against shippers, has been paid for by the road carrying the freight. Instances are said to have been found where exorbitant allowances were made for cartage, and the sum paid by the line securing the shipment. It is even charged that clerks in the offices of shippers have been placed as agents on the books of the companies, and the 'salary' or 'commission' paid over to the merchants. The tricks and devices for evading the tariff have been almost innumerable, and are said to be unequalled in the history of railroad rate cutting. At times a particular class of traffic has been raided, while the other classes appeared to be moving at full rates. On other occasions, the cutting has been concentrated on shipments to particular places and sections of the country."

The powerlessness of the Interstate Commerce Commission to prevent these violations is becoming more and more apparent. While that body has probably effected some good, the worst evils which it was created to prevent have been intensified by the very creation of the commission. The railroads are now prevented from prescribing any penalties to be visited on offending members, and as the commission can apply none, they well know that, in the

event of violating their agreements, no judgment can be visited on them. They can only suffer by retaliation, as is now attempted. It is becoming more and more clear, either that the Government must take the railroads or prescribe the rates, or the companies must be allowed to form pooling arrangements under the sanction of law, whereby penalties can be imposed on offending members. Why would it not be practicable for the railroad commission to be endowed with the power to collect sums from the railroad companies which should serve as a penalty—to be paid to those companies which should observe a tariff arrangement made by the several contracting companies? For example, suppose that these trunk lines should fix a tariff for the transportation of goods between the East and the West, as they have done. Suppose these rates should be known to the Interstate Commerce Commission. Suppose the companies should also put in the possession of the commission a certain sum of money to be paid over to the parties observing the agreement, as a penalty on the offending party in the event of a departure from this arrangement. Then the various railroad companies would be more strongly moved to observe their agreement. But so long as no penalty is affixed for violating it, they, of course, will care less for it. Such has been the experience in the past, and is likely to be repeated in the future. It is lamentable that, with the growth of commerce in many directions, with the expansion of intelligence and with many improvements of various kinds, the railroad companies should have made no improvement whatever in observing their arrangements for the transportation of freight and passengers.

It is very evident that they can be improved only by prescribing penalties, with the power somewhere to enforce them, in the event of violating their agreements in the future. The difficult thing is to adopt the principle of enforcing penalties in case of violation. For our part we see no other way to maintain harmonious business relations among these sharply competing companies. Their past experience has taught us this; and it certainly was a grave error on the part of Congress, when, in enacting the Interstate Commerce Law, they destroyed the only effective remedy that had been devised for maintaining obligations among the railroad companies. This remedy might have become very effective; but it was wholly swept away. Congress should not be slow in permitting railroads to adopt this remedy, if it wishes to secure peace among the railroads. This is desired no less for the prosperity of the railroad companies than for the prosperity of their customers. Both are equally interested in the observance of fixed and uniform rates for the shipment of merchandise.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF A CASHIER.

[CONTINUED.]

Concerning his election or appointment, record or written evidence is not required. "The same presumptions of ratification or adoption exist in the case of a corporation as of a natural person." (*Reynolds v. Collins*, 78 Ala. 94, p. 97; *Bates v. Bank*, 2 Id. 452; *A. & T. R. Co. v. Kidd*, 29 Id. 221; *Ala. G. So. R. Co. v. Hill*, 76 Id. 303.)

If the charter of a bank provide for the election of directors annually who "for the time being have power to appoint a cashier, and such other officers under them as may be necessary for executing the business of said corporation," a cashier thus appointed may continue in office, unless expressly restricted, and subject to removal by the directors, is a permanent and not an annual officer. (*Union Bank v. Ridgely*, 1 Harris & Gill, 324.)

A bank's charter provided that the directors should serve until the end of the first Monday in January after the time of their election and no longer, but if directors should not at that time be chosen, the bank was not to be deemed dissolved. In December, 1865, the directors were authorized by the stockholders to have the president and cashier execute a deed of assignment. This was made and delivered on the 4th of January, the following year, by the president and cashier who were in office at the time such action was authorized by the stockholders. The first Monday in January had then passed, and no new directors or officers had been elected. The deed of assignment was declared valid. "If the officers who executed the deed of assignment were not *de jure* officers of the bank for that purpose, they were at least *de facto* officers of the bank, and the persons contemplated by the stockholders to make it." (*Milliken v. Steiner*, 56 Ga. 251, p. 257.) Of course, a ratification by the stockholders would also have validated the action of the president and cashier, and they did this soon afterward. (*Id.*, p. 257.) Formerly a corporation could act only by its common seal, could do nothing without a deed, but this doctrine is now exploded. (*Union Bank v. Ridgely*, 1 Harris & Gill, 324.†) "Much of the old strictness and formality required by the common law," says Judge Church (*Stamford Bank v. Benedict*, 15 Conn. 437, p. 445), "on the subject of corporate action, from neces-

* Copyrighted.

† See good account of its inapplicability to the present time by Buchanan, C. J.

sity, as well as upon principles better understood, has been dispensed with in modern times, and especially in this country of corporations. The agents of corporations must necessarily have some latitude of discretion, and especially agents of such general powers as the cashiers of banking institutions."

"The cashier," says Judge Swayne, "is the executive officer through whom the whole financial operations of the bank are conducted. He receives and pays out its moneys, collects and pays its debts, and receives and transfers its commercial securities. . . . The directors may limit his authority as they deem proper, but this would not affect those to whom the limitation was unknown." (*Merchants' Bank v. State Bank*, 10 Wall. 604, p. 650.)

In signing, if a note is indorsed, for example, "Geo. Buckley, Cas.," this is sufficient to bind his bank. "It is not necessary that the indorsement should be made in the name of the corporation, but that an indorsement by the cashier of the bank adding the suffix 'Cashier,' or 'Cash'r,' 'C'r.,' or 'Cash.' will be regarded as an official indorsement." (*Houghton v. First National Bank*, 26 Wis. 663, p. 668, the court citing *Rockwell v. Elkhorn Bank*, 13 Id. 653; *Ballston Spa Bank v. Marine Bank*, 16 Id. 120; *Clafin v. Farmers and Citizens' Bank*, 36 Barb. 540.) In countersigning bank notes it was not necessary, in complying with a New York statute, for the cashier to add his official character. (*Bank v. Magher*, 18 Johns. 341, 1820.)

The authority of a cashier has its origin in six sources: (1), It may come from statute or charter; (2), be expressly conferred by the directors; (3), from independent action, subsequently ratified by the directors; (4), by usage; (5), it may be inherent; (6), from necessity.

What are the implied powers of a cashier? "To a very great extent, like individuals who act through agents and servants, [banks] are held to presumed or implied agencies, authority, and instruction, to those who are held out or permitted to act for them in their usual course of dealing within their charter powers, when not controlled specially by its provisions, the by-laws, or the nature and character of the contract or the subject matter of it." (Scates, C. J., in *Ryan v. Dunlap*, 17 Ill., p. 45.)

"The cashier is necessarily the general agent of the bank in dealings with customers, in money, notes, and bills—the receipt, deposit, transfer, and payments of them. It is indispensable to the interests of the corporation, and necessary to the protection and security of customers, that he should exercise these powers, and that his acts should bind his employés." (*Id.*)

Likewise, Judge Mulligan, of Kentucky, has said (*Northern Bank v. Johnson*, 5 Cold. 88, p. 99) "that the cashier of a bank, *virtute*

officii, is generally intrusted with the notes, securities, and other funds of the bank, and is held out to the world by the bank as its general agent, in the negotiation, management, and disposal of them. *Prima facie*, therefore, from the very nature of his office, and the objects and purposes of the bank, he must be deemed to have authority to transfer and indorse negotiable securities held by the bank, for its use, and in its behalf, and no special authority need be proved. These are some of the general and necessary duties of the cashier, as the executive officer of a banking association; and, 'if any bank chooses to depart from this general course of business, it is certainly at liberty to do so; but, in such case, it is incumbent on the bank to show that it has interposed a restriction, and that such restriction is known to those with whom it is in the habit of doing business.'" (Angell & Ames on Corp., § 300.) And if a bank's charter should require the signature of the president and the counter signature of the cashier to every contract, such a requirement would not abridge the cashier's authority to draw and indorse bills of exchange, drafts, and checks, in discharging his duties. (*Northern Bank v. Johnson*, 5 Cold. 88; *Merchants' Bank v. Central Bank*, 1 Kelly (Ga.) 418; *Carey v. McDougald*, 7 Id. 84; *Mechanics' Bank v. Bank*, 5 Wheat. 326.)

The cashier's authority to execute and indorse paper has been partly considered, but it may be remarked that in Wisconsin, in 1862, under the free banking law, which was similar to that of New York, a cashier could execute a promissory note for money to be used in the business of the bank. (*Ballston Spa Bank v. Marine Bank*, 16 Wis., 120.)

In order to prove the cashier's authority to issue certificates of deposit and to discount notes, evidence may be admitted of his doing these things. An objection was made to receiving such evidence on the trial of a case in Georgia. The court said: "The acts of which the evidence was offered were all of the same general nature, and they were numerous. It is, therefore, to be presumed that the bank had given [the cashier] authority to do them, and to do similar acts with other persons." (*Robinson v. Bealle*, 20 Ga. 275, p. 300.)

If a cashier has authority to discount paper he can also indorse it. Says Nisbet, J.: "The power to discount confers the power to indorse." (*Merchants' Bank v. Central Bank*, 1 Kelly, Ga., p. 431.) And almost everywhere his authority to indorse is inherent (*Thompson v. Hoyt*, 5 N. Y. 335; *Everett v. United States*, 6 Porter, Ala., 166; *Harper v. Calhoun*, 7 How., Miss. 203; *Crockett v. Young*, 1 Sm. & Marsh 241; *Holt v. Bacon*, 25 Miss. 567); but not in Massachusetts (*Hartford Bank v. Barry*, 17 Mass. 94; *Folger v*

Chase, 18 Pick. 63*). When such authority does not inhere in the office, of course it can be conferred on him. (*Hartford Bank v. Barry*, 17 Mass. 94.)

Moreover, he can indorse a note not belonging to the bank, and merely for the accommodation of the payee, or prior indorser, if the purchaser has bought the same in good faith for value before maturity. (*Houghton v. First National Bank*, 26 Wis. 663.) In a Wisconsin case it was claimed that the cashier only had authority to indorse paper owned by the bank; to make an accommodation indorsement was clearly beyond the scope of his authority, and not binding on his bank. But the court, adopting the principle which had been established in New York, declared that "as the cashier is the person authorized to indorse notes for the bank, a purchaser of such paper in good faith before maturity is not bound, when he takes it thus properly indorsed, to inquire whether the bank owned it when it was indorsed or not." (*Houghton v. First National Bank*, 26 Wis. 663, p. 670, citing *Bank of New York v. Bank of Ohio*, 29 N. Y. 619; *Banking Association v. White Lead Company*, 35 *Id.* 505; *North River Bank v. Aymer*, 3 Hill 262; *Farmers & Mechanics' Bank v. Butchers and Drovers' Bank*, 14 N. Y. 633, second trial, 16 *Id.* 125.)

Wherever the cashier possesses the inherent authority to indorse, the inducement for indorsing need not appear; the law will presume that the transfer was proper. (*Everett v. United States*, 6 Porter, Ala. 166.) Where he does not possess the inherent authority to indorse and thus transfer the ownership, he can nevertheless indorse for the purpose of having a demand made of the parties who are liable thereon, and the indorsers notified in the event of non-payment (*Hartford Bank v. Barry*, 17 Mass. 94); in short, "he may do what is requisite for the recovery of a note." (Parker, C. J., *Hartford Bank v. Barry*, 17 Mass. 94, p. 97.)

So, too, he can transfer a certificate of deposit payable to "S. B. Knapp, cashier," though the funds deposited belong to the bank. And when they are transferred, even in bad faith, to an innocent holder, he can keep them. (*St. Louis Perpetual Insurance Co. v. Cohen*, 9 Mo. 421.)

The cashier's authority to transfer paper by indorsement does not extend to judgments in favor of his bank. (*Holt v. Bacon*, 25 Miss. 567.) He also has inherent authority to borrow. And in a Missouri case it is said that, "in order to show a cashier's authority to borrow money for his bank, it is not necessary to prove a power

* "In Massachusetts, it has been held, that neither the president nor the cashier of a bank has the power, in virtue of his office, to transfer the negotiable funds of the bank, without express authority from the directors. This, however, must be erroneous, if the transfer be made in the usual course of business, and in good faith." (Ruggles, C. J., in *Thompson v. Hoyt*, 5 N. Y., p. 335, decided 1851.)

specially conferred upon him by the board of directors, or a distinct ratification by them of the act after its consummation; his acts done in the ordinary course of the business actually confided to him as such cashier are *prima facie* evidence that they fall within the scope of his duty." Lewis, P. J., in *Ringling v. Kohn*, 6 Mo. App. 333; *Donnell v. Lewis County Savings Bank*, 80 Mo. 165.

What would be express authority to borrow? If one of the articles of association should provide that the board of directors "shall appoint such officers and agents as may be necessary for the transaction of the business of the association," the cashier would have express authority to borrow money for the bank, and to execute its note therefor. (*Ballston Spa Bank v. Marine Bank*, 16 Wis. 120.)

If a cashier be authorized *ex officio* to pay drafts and checks when the drawers have funds, this would not justify him in accepting and creating liabilities for his bank. (*Pendleton v. Bank*, 1 T. B. Mon. 171.)

A cashier may release a debt which is secured by mortgage. He "may deal with and do such acts in respect to such debt as may be usually done in relation to money transactions, verbally or by writing, without regard to the mortgage security." (Scates, C. J., in *Ryan v. Dunlap*, 17 Ill. 40, p. 43.) A formal release of the mortgage should be under seal, but this would not discharge the debt. On the other hand, a verbal or written discharge of the debt by payment in money, property, or other securities, would discharge the mortgage, and without the entering of a satisfaction on the mortgage itself. (*Id.*) But he has no authority to buy or sell real estate, or contract with brokers for that purpose. (*Winsor v. Lafayette County Bank*, 18 Mo. App. 665.)

When different debts are due, the cashier may apply the creditor's money belonging to the bank, if he should make no application himself. In a case requiring the application of this principle, the court remarked that it was the cashier's duty to receive all moneys, "and, as incidental to this power, to apply them, subject to the supervisory authority of the directors." (*Stamford Bank v. Benedict*, 15 Conn. 437, p. 445, the court citing *Beverly v. The Lincoln Gas Light & Coke Co.*, 7 Ad. & El. 829; *Bank v. Patterson*, 7 Cranch 299; *Fleckner v. Bank*, 8 Wheat. 338; *Osborne v. Bank*, 9 Wheat. 738.)

He cannot release a surety. "It is well-established law," says Lake, C. J. (*Merchants' Bank v. Rudolf*, 5 Neb. 527, p. 536), "that the cashier of a bank has no authority, by virtue of his office, to release a surety upon a promissory note or bill without payment, unless specially empowered to do so (citing *Cochecho National Bank v. Haskell*, 51 N. H. 116; *Bank v. Dunn*, 6 Pet. 51), and this

authority will not be presumed, but must be established by affirmative proof." If a bank should hold other security beside their indorsement they would nevertheless be liable. (*Id.*)

In Massachusetts, if bank shares are seized and sold by a collector of taxes on proper proceedings, the cashier can legally issue a new certificate of shares to the purchaser. (*Smith v. Northampton Bank*, 4 Cash. 1.)

The authority of the cashier to certify has already been considered. He has authority under the national banking law to certify, and this is regarded as one of his inherent powers in most of the States. Massachusetts is the prominent exception. (*Massey v. Eagle Bank*, 9 Met. 313.) Whether the courts would adhere to that doctrine now, in view of the authority of national banks to certify (*Merchants' Bank v. State Bank*, 10 Wall. 604), and of State banks in nearly all of the States, may be questioned. Nevertheless, the principle announced in the *Eagle Bank* case is operative among the State banks of that State. The secretary, however, of a banking company is not a certifying officer. (*Hallowell & Augusta Bank v. Hamlin*, 14 Mass. 178.)

What authority has the cashier to make statements concerning the business of his bank; in other language, when will they bind his institution? The answer is, when made within the scope of his ordinary duties. The question then in each case is, was the statement made within the scope of his ordinary duties. In a Maryland case the court said: "If the cashier of a bank should promise to pay a debt which the corporation did not owe, and was not liable to pay, or should admit forged bills of the bank to be genuine, the bank would not be bound by such promise or admission, unless it had authorized or adopted the act." (Story on Agency, § 115, and adopted by court, Spence, J., *Merchants' Bank v. Marine Bank*, 3 Gill 96, p. 125.)

In an Alabama case (*Planters and Merchants' Mutual Insurance Co. v. Selma Savings Bank*, 63 Ala. 585), the cashier wrote a letter to a partnership, disclaiming any lien by the bank on shares of its stock belonging to the partnership. Afterward, the bank sought to have them transferred. This letter did not impair the rights of the bank, because it was declared to be "the affirmation of a present existing fact only, and not a representation or guaranty that the fact would continue to exist."

But if the surety on a note should inquire whether it had been paid and should receive an affirmative answer, "the bank would be estopped from denying the truth of the statement of its cashier, when to do so would entail a loss upon the surety which he would have guarded against had it not been made." (Lake, C. J., *Merchants' Bank v. Rudolf*, 5 Neb. 527, p. 540, citing *Drew v. Kimball*, 43 N. H., 282; *Claflin v. Farmers' Bank*, 36 Barb. 540.)

A rational exception must be made in applying this rule. If the surety should be a director in the bank, his liability would not be affected by the representations of the cashier. (*Merchants' Bank v. Rudolf*, 5 Neb. 527.) And if he should belong to a partnership, and the other partners should also be sureties, his knowledge of the note would be imputed to them, and thus the liability of all would continue. (*Id.*)

An interesting case has been decided in New Hampshire. A bank sued R., the maker of a note, and M. and P., the sureties. W. testified that the cashier of the bank had told him that this was a new note which had been given by the persons above mentioned for another signed by them and W. as additional surety. An objection was made to receiving this evidence. "What was said," remarked the court, "did not accompany or form any part of any official act of either of the directors, or of the cashier, Green. This person told the witness that his note, about which he made inquiry, was paid by that of Perkins, now in suit. If Green knew that fact he might so testify. It was not in his power to agree, in behalf of the bank, that such fact should, for any purpose, be conceded. It is not the business of the cashier to answer such questions at all. Had the witness been able to testify to the fact of the discount of the new note and the surrender of the old, then what the cashier said, accompanying those transactions, would have appeared in a different aspect. But to his narrative of a past occurrence no faith is to be given beyond that which is accorded to the narrative of any other person not under oath." (*Pemigewasset Bank v. Rogers*, 18 N. H. 255, p. 260, citing *Gline v. Western Railroad*, 8 Met. 44.)

Does a different rule apply to his statements when they are made outside his bank? The law is not the same everywhere. On one occasion a cashier was asked by a person who was negotiating with him away from his bank for the purchase of a note which he had indorsed as cashier if "it was all right," and received an affirmative answer. The court remarked that, "it well might be that an officer might decline to answer such inquiries when away from his bank without its books before him to refresh his recollection. But certainly if he did undertake to give the information when away from the bank, a party about purchasing a note indorsed by him would have the right to rely upon the representations which the cashier might make in regard to the nature and character of the indorsement." (*Houghton v. First National Bank*, 26 Wis. 663 p. 670.) In Nebraska, however, a different rule prevails, and statements concerning notes do not bind the institution he represents. (*Merchants' Bank v. Rudolf*, 5 Neb. 527.)

FINANCIAL FACTS AND OPINIONS.

The Development of Banking.—The New York *Daily Commercial Bulletin* remarks that the development of banking in this country has not kept pace with the advance in civilization and commercial enterprise. In the last forty years the increase in banking facilities has been surpassed only by the growth of railroads, and has, indeed, been more rapid than the increase in wealth, steam power, manufactures, commerce, agriculture, or population. Realizing the important part which the banking business has played in developing the resources of the continent, one cannot look with pleasure on the slow growth of banking at the present time, as compared with the development of the country in other regards. The *Bulletin* says: "Until the present year the increase in banking capital had gone hand in hand with the increase in population and material development. It has now been needlessly and unwisely compelled to fall behind, when its advancement is most necessary. The growth of banking during the current year has been manifestly inadequate and out of proportion to the growth of the agencies which it serves. Whether this obstacle to national progress is to be removed rests with Congress. It is in the power of that body to facilitate the extension of the national banking system; and if the arbitrary, illogical, and indefensible restrictions now preventing growth are so modified as to permit it, new banks will spring up as rapidly as during any prior period, and will be scattered throughout the length and breadth of the land, and minister to the needs of trade, and supply the means of progress from the Atlantic to the Pacific, and from the Canadian border to the Rio Grande."

The Surplus in Savings Banks.—The Inspector of Finance of Vermont in his last reports says: "The law with reference to dividends so changed as to prohibit the declaring of more than four and a half per cent. per annum, until a net reserve of at least ten per cent., without including furniture, fixtures, premiums or uncollected interest, be accumulated; and that until a net reserve of at least six per cent. be accumulated the dividends be restricted to four per cent." We do not indorse this opinion concerning the accumulation of a surplus in a savings bank. It is an entirely different institution from an ordinary bank whose stock is held by stockholders. We do not think that a savings bank has a right to accumulate any surplus, and if it does, whenever a depositor withdraws his money he should also be given

his share of the surplus. Banks having a surplus, so far as we know, give their depositors, on the withdrawal of money, only the amount actually put in, with the dividends that may have accrued, leaving the surplus behind; but, of course, a portion of this belongs to every depositor, and therefore injustice is done in retaining it. The only fair thing, therefore, is to pay the entire earnings, after deducting all expenses, whenever dividends are declared. There may be indeed a surplus accruing from the non-payment of depositors, which is quite another thing. We all know that depositors die and disappear in one way or another, and that their deposits are not demanded, and that in some of our large cities, especially, large amounts have accumulated in this way. But this is not, properly speaking, a surplus fund, but rather an unclaimed fund, which it is possible may be demanded some day. This belongs strictly to the depositors, or in the event of their non-appearance, escheats to the State; but the earnings, properly speaking, should be divided on every occasion when a dividend is declared, and any law which should permit the accumulation of any portion of this, without also providing for its division to every depositor withdrawing his account, would do him a wrong, as it would withhold from him a part of the money honestly belonging to him.

Growing Interest in Annuities.—In Europe, where the rates of interest generally rule very low, this method of investing money has always prevailed to a large extent. The investor will, in every case, receive a larger net income than from any other investment, which would be considered safe by those having the care of trust property. Neither Government bonds nor sound railway securities pay, as a rule, over 4 per cent. on present quotations; and yet, money invested in annuities will yield 5½ per cent. per annum, payable every year through life when purchased for children; nearly 8 per cent. per annum when based on the age of fifty years, and from 14 to 18 per cent. per annum when payable to persons from seventy to eighty years of age at the time of purchase. Apart from the advantages of increased income from this form of investment, and that it pays no taxes or commissions to trustees, the fact that the income is fixed and determined beforehand, and not liable to fluctuations, should lead investors to a careful examination of this scarcely known and yet most desirable investment. The capital thus invested becomes the property of the company selling the annuity. It is for this reason that it can pay larger annual dividends than would be possible otherwise. This class of investment on this account appeals perhaps more to unmarried persons without heirs

having a claim upon them than to those with families. It is a well-recognized fact, with old persons especially, that freedom from care and anxiety, such as a certainty with regard to their income produces, actually adds to the probabilities of a prolonged life.—*Boston Commercial Bulletin.*

Forgeries.—A young man only nineteen years old, named Tinkler, who was an office boy in the Charles Bodmann Tobacco Warehouse, of Cincinnati, obtained last month fifteen thousand dollars of three forged checks of five thousand dollars each, on the First, the Citizens and the Merchants National Banks of that city. The checks on which the money was drawn were really very clumsy forgeries, that on the First National Bank was not even dated, the day of the month and the name of the month were not used, but Tinkler wrote the figures of the year and in doing so wrote 18888. The check on the Merchants National Bank was equally clumsy. The proprietor of the warehouse, Mr. H. K. Hoffman, signs all checks, "Charles Bodmann Co." The check presented by Tinkler was signed "Chas. Bodmannn Co." The check cashed at the Citizens Bank was the best made of the three, and evidently more care was taken in making it, for it was the first one presented. Tinkler did not even erase from the checks the carbon marks which were visible after he had traced the name of the firm with pen and ink. It may be asked, why did not the paying tellers discover from the clumsy forms of these checks that they were forgeries? But the answer is, that they have so little time for scrutinizing checks that they are quite unable to detect their true character. An old official says: "It is the easiest thing in the world to cash a check such as Tinkler presented. I remember not long ago I was at the paying teller's desk. An old customer of the bank came in in a hurry. I had known the man for years. He handed me a check for \$5,000. I handed him the money in big bills, and he left as hurriedly as he came in. When I was running over the checks I had cashed that day I was nearly paralyzed when I came across this particular check and saw that it hadn't even a signature to it. I rushed over to the merchant's office and he smilingly rectified the error. If this man had any intent to defraud he could have obtained the money just as easily, for he was so well known to me that I would have given him the money. They say we ought to be careful. Well, we are as careful as it is possible for any human being to be. We can't scrutinize every check, for if we did we'd be bounced before the week was over."

England's Supply of Gold.—The London *Financial News* inquires whether or not the supply of gold in England is adequate for the wants of the country. That journal remarks that it is much more difficult to keep an accurate record of the imports and exports of gold than it is of cotton, coffee, or other bulky merchandise. Since 1860 the exports and imports have been as follows:

<i>Years.</i>	<i>Gold Imports.</i>	<i>Gold Exports.</i>
1860.....	£12,584,684	£15,641,578
1861.....	12,163,37	12,138,372
1862.....	19,903,704	16,011,936
1863.....	19,142,665	15,303,279
1864.....	16,900,951	13,279,739
1865.....	14,485,570	8,493,332
1866.....	23,509,641	12,742,059
1867.....	13,800,159	7,889,030
1868.....	17,136,177	12,708,308
1869.....	13,770,812	8,473,699
	£163,398,300	£122,681,399
1870.....	£18,806,728	£10,013,521
1871.....	21,618,924	20,098,275
1872.....	18,469,442	19,748,216
1873.....	20,611,165	19,071,220
1874.....	18,081,019	10,641,636
1875.....	23,140,834	18,648,206
1876.....	23,475,975	16,515,748
1877.....	15,441,985	20,361,386
1878.....	20,871,410	14,968,507
1879.....	13,368,675	17,578,818
	£193,886,157	£168,246,323
1880.....	£9,454,861	£11,828,822
1881.....	9,063,006	15,498,837
1882.....	14,376,559	12,023,804
1883.....	7,755,800	7,091,365
1884.....	10,744,408	12,012,839
1885.....	13,376,561	11,930,818
1886.....	13,392,256	13,733,706
1887.....	9,939,934	9,323,614
	£89,003,385	£93,443,805
Totals....	£446,287,842	£384,371,487

By these tables, England received, in the decade from 1860 to 1869, \$200,000,000 more gold than was sent away, and in the ten years following, \$125,000,000 more, but in the eight years from 1880 to 1887, the exports actually exceeded the imports by \$22,500,000. The quantity consumed in the arts is unknown, but the estimate of Sir Hector Hay, of \$12,500,000 per annum, is regarded as near the correct figure as that given by any one. The *News* says that if this be taken as proximately correct, it follows that in the ten years since 1860 the available stock of gold in the United Kingdom was increased by \$75,000,000; in the next ten years the excess of imports just sufficed to supply the consumption, while in the next eight years, ending December 31, 1887, the available stock has been reduced nearly \$125,000,000. There are other outlets for gold, which, perhaps, are not sufficiently considered in dealing with this subject. The *News* says:

It is very certain that a good deal more gold goes out of England in

private pockets than comes back in a similar way. Almost every English tourist to the Continent takes with him a little stock of sovereigns, and he brings few back; while the visits of Continental tourists to our shores are rare. Most emigrants from the United Kingdom carry with them a small hoard, and, in not a few instances, a very considerable hoard; while immigrants are generally penniless. Our American visitors bring with them a good deal of money, it is true; but this is not in the form of specie. Even the richest provide themselves only with sufficient gold for petty expenses, and bring drafts on London for all the money they require. "Drafts on London," in point of fact, are so convenient that while a traveler to our shores ordinarily takes them in preference to aught else, the traveler from our shores is apt to take a little bag of English gold as a good tender anywhere in the world. A London boniface is somewhat puzzled at what rate to take Napoleons or twenty-mark pieces, for they are so seldom tendered; the Continental hotel-keeper is never at a loss when the British sovereign is handed to him: he knows all about it. It is very probable, therefore, that the formal statistics do not tell the whole story; but that, on the contrary, the stock of gold in this country is very much less than it is generally supposed to be, and has reached a point at which even the smallest further withdrawals are calculated to cause very genuine anxiety. It is repeated over and over again that recent economies in the use of gold are such that we do not require the same working stock as of old, because small checks have taken the place of specie for retail payments. This is, no doubt, true; but what will happen when, some fine day, the feeling gets about that there is not quite enough gold to go round, and that it will be well to have a little "hard money" on hand in case of need.

Profits of Eastern Cotton Manufactures.—Many of the large manufacturing companies at Fall River have recently held their annual meetings, at which full statements of business results have been made. From these accounts the following exhibit of capital, earnings for the past year and dividends declared is drawn:

	<i>Capital.</i>	<i>Earnings.</i>	<i>Dividends.</i>
Wampanoag.....	\$750,000	\$157,550	\$86,250
Chace.....	500,000	115,000	37,500
Granite.....	400,000	136,000	64,000
Flint.....	580,000	102,858	58,000
Barnard.....	330,000	53,000	24,750
Merchants'.....	800,000	125,720	60,000
Narragansett.....	400,000	67,143	32,000
King Philip.....	1,000,000	137,105	60,000
Union.....	750,000	237,000	187,500
Sagamore.....	600,000	133,000	78,000

To supplement these figures it may be added that at the annual meeting of the Amoskeag Mfg. Company, of Manchester, N. H., a month ago, it was stated that the company had cleared \$425,566 from their manufacturing operations during the year, out of which two 5 per cent. dividends had been declared, amounting to \$300,000, leaving over 4 per cent. surplus. During the year, moreover, a stock dividend of 33½ per cent. was made. These are, of course, exceptional statements, but they serve the purpose of showing that New England still leads in the cotton industry. —*The Iron Age.*

Brazilian Finances.—Within a few months Brazil has negotiated a loan of \$30,000,000, besides two municipal loans of a later date of \$8,500,000 more. To be able to contract such loans is evidence of the financial credit of that country. Other Brazilian enterprises also have been brought out in London, and it would seem that the business of the country, both public and private, commands the respect and confidence of the English investor and man of business. Nevertheless, there is a dark side to the situation. While the loan obligations of the Government have thus far been met, it should not be forgotten that the deficits in the budget remain, that the problems of banking, currency, tax reform, and local government remain unsolved, and that taxation is becoming heavier and more burdensome. The Rio Janeiro *News*, in commenting on the success of this new loan, says: "Year by year these excesses of expenditure over revenue are added to the interest-bearing debt, thus increasing the fixed burdens upon the people, and year by year ambitious ministers plunge recklessly into new schemes, without a thought as to the consequences. The 'undeveloped resources' of the country are unfailing capital to draw upon, and few ministers hesitate to draw heavily when the opportunity arises. Now, in view of this state of affairs, how can it be said that the credit of the country has been improved? Trouble is growing out of the labor question; reactionary planters are demanding indemnities for their liberated slaves, and threatening revolution if not granted; money is being spent like water upon the introduction of immigrant laborers; an ambitious minister is proposing to expend large sums upon new and unnecessary railways, and all the old Government jobs in railway building, port improvements and subsidies, are going on in the good old way—great expenditures for petty results."

Argentine Finances.—Business in this country is really in a very wild condition. As we showed in our last number, new loans have been contracted, a national banking system has been adopted, modeled after our own, and the national bank note circulation is increasing with enormous rapidity. Gold, too, is flowing into that country in large amounts, which has been derived from another loan contracted in London. There is nothing strange on the part of the inhabitants of that country in contracting loans and issuing paper money and inflating the prices of everything, for, as we know from our national experience, while the more intelligent clearly enough see that a day of reckoning must come, each one expects to get out in time and thus throw the burden of loss on others. That is the way men always reason at such times. They know that prices cannot go on increasing forever, that the topmost point must be reached, and then that the

decline is inevitable. But the smart ones, as before remarked, expect to sell out in time, and thus transfer the loss arising from the fall on the shoulders of the less sagacious. Doubtless the people in the Argentine country understand perfectly what they are doing, and that a day of reckoning must come. They cannot always borrow; they cannot increase their taxes indefinitely, and the flood of paper money must ultimately find a limit. When the reaction comes, then who is to suffer? They are repeating the old story, and who will be the losers will doubtless be known before a very long period. The strange thing is that the English people, who are supposed to have cool heads, and who are not carried away by the excitement prevailing in the Argentine country, should deliberately continue to make loans to the inhabitants there, in view of the certainty that bankruptcy, inability to collect sufficient taxes, repudiation, the sinking of the national bank note circulation out of sight, and all the other ills attendant on excessive borrowing and an inflated currency, are sure to come. English experience in dealing with the South American countries, excepting Chili, has been rather a bitter one, and we imagine that this last experiment is likely to prove no exception to the rest. Already the circulation of the national bank notes is at thirty per cent. discount. The gold which the Government proposed to retain to pay its indebtedness is soon to be exchanged for its debt, and the only thing left for the holders of the cedulas is the faith of the Government, which, in view of the enormous indebtedness which has been contracted within a few years, will diminish more and more, and finally, we believe, completely vanish. One thing, though, the lender has put his money into that part of the world with his eyes wide open. He has known perfectly well the fate of all other investors in South America, and if he proves unlucky, like them, he has no one to blame but himself.

Chilian Enterprises.—Chili has rapidly recovered from the war in which she was engaged with Peru, and already has accumulated a surplus of more than twenty millions in her treasury. So secure is she in her resources, that the time has come for launching a great railway scheme which involves the expenditure of thirty-five millions of dollars or more; and it is pleasing to know that the contractors for the work are Americans. The principal terms are definitely settled, and notwithstanding the sharp competition on the part of foreign companies to obtain the prize, the American contractors have secured it. The system is to cross the mountains and connect with the Argentine Republic, as well as to extend southwardly into the land formerly known as Patagonia, which is now a province of Chili.

The Financial Condition of Mexico.—President Diaz has begun a new term of four years, and his administration of four years which has just closed is worthy, at least, of passing notice. A great deal really has been accomplished by him during this period. The condition of Mexico is now more favorably regarded by foreign nations than, perhaps, at any other time in its history. The Mexican *Financier*, in a late issue, says: "We believe that the administration of President Diaz has brought the country, financially, into a condition where it is possible to preserve a balance between income and expenditures. The interest on the debt, exterior and interior, can be met. The revenue is certainly amply sufficient. It only remains wisely to distribute that revenue. Unnecessary expenses should be boldly pruned away. To get at the pith and marrow of the subject at once, let us say, with friendly candor, that the Department of War absorbs too large a proportion of the revenue. Limited by the budget to \$13,000,000, approximately, it runs up actually to about \$15,000,000, which, in our opinion, is some \$4,000,000 in excess of the real needs of the country in this branch of expenditure."

Western Mortgages.—The report of Mr. Carroll S. Page, the inspector of Finance, of Vermont, contains some very interesting figures with reference to the investments of savings banks of that State in western farm mortgages. They are as follows:

1879.....	\$1,278,399.63	1884.....	\$4,651,274.96
1880.....	1,755,369.38	1885.....	4,774,872.17
1881.....	2,219,606.44	1886.....	5,465,271.64
1882.....	3,168,434.98	1887.....	6,225,923.10
1883.....	3,960,143.98	1888.....	6,563,797.48

These large investments have been made in order to get the increased rates of interest which are offered in the West. His report contains some timely remarks with respect to such investments. He thinks that, however safe these investments may be, there is really quite too much money sent into that quarter. He affirms that safety should be the first thought of the investor, and not the rate of interest, and with this doctrine every prudent man will agree. The money put into these institutions belongs peculiarly to the poor man, and only the very best possible investments should be made of it. As we all know, the increased rate of interest is usually accompanied with increased risk, and no matter how good the western lands may be, or how solid the borrowers or the State Governments under which they live, danger is always impending. The West has borrowed so enormously of late years, that, if a period of adversity should come, and wheat and other products should diminish in price, whatever might be the intention of borrowers, they might not be

able to pay; and the case is all the worse by the great extent of the borrowing interest. The danger is all the greater because there are so many borrowers, and these facts should not be overlooked by savings institutions. Mr. Page thinks the western loans of the banks should be limited to at least fifty per cent. of their deposits. We have previously called attention to the figures of western loans in several of the States. In the recent reports made by the Labor Commissioners, formidable arrays of figures of mortgages have been presented. One would think, when looking at these, that the entire States were mortgaged. With the increased value of lands, these securities will improve, but it is quite too much to hope that all of these mortgages will be redeemed, and that no suffering will befall any one from these gigantic borrowings.

Wheat Prices.—The condition of the wheat market once more illustrates the fact that prices here in this article are in the long run made by the prices obtained for the surplus sent abroad. This principle is occasionally put at defiance by some old speculator like Mr. Hutchinson, but not permanently. The advance in wheat last October has not been sustained, and the question may be asked who gained by it? One thing is certain; those who run the deal made a very handsome thing by the operation, and so did the farmers who were able to sell and get their money during the period of advancing prices, but those who did not sell may get even less before the year closes than they would if this temporary advance had not been made. The consumer certainly has been the loser, for he has been obliged in many cases to pay more for his flour. The foreign market has been demoralized, and sales abroad of late have been very light, showing clearly enough that this country cannot dictate prices to the old world, especially when there is wheat enough in other quarters from which England and other European nations can draw their supplies. The North-western *Miller*, in commenting on this rise, makes the following remarks: "As for the country at large, we fail to perceive wherein it is benefited by high-priced wheat, and, consequently, costly flour. If we were getting the advanced prices from our foreign trade, then it would be clearly seen where the United States was profiting; but we are not doing so. The advanced prices are being paid out of our own pockets. The milling trade at the present time is engaged in the amusing but not very profitable work of lifting itself by its own boot-tops. We are filling up our home markets with our high-priced flour. As for our friends across the water, they will have none of us, at least at present prices. Now, if anyone will show us wherein it benefits this country, as a whole, to take money out of

the pockets of Eastern consumers and place it in the pockets of the Western producer, we will be more ready to admit the logic of the reasoning of those who affect to find in high prices a panacea for hard times."

The Chief Cause of the Continued Depreciation of Silver.—"From the latest official data on the subject, it appears that the importation of precious metals into India has of late years sensibly diminished. For instance, in the period from 1860 to 1873 the Indian gold importations reached the aggregate amount of 729,062,000 rupees, whereas the total from 1874 to 1887 did not exceed 348,306,000 rupees. The amount of silver received was during the periods named respectively, 1,172,242,000 rupees and 915,811,000. This falling off is attributable to the fact that the ancient habit of hoarding gold in India is gradually on the wane. The result is that amounts long withheld from circulation in that manner emerge from their hiding places and swell the coin in actual use. In other words, India has ceased to figure among nations as a continual absorber of the precious metals. This is an important fact, which should not fail to have weight in connection with any consideration of the complex silver question."—*London Mining Journal*.

It is somewhat surprising that our friends of the *London Mining Journal* should entirely overlook the actual cause of the steadily decreasing importation of the money metals by the people of British India; a cause that operates, so to speak, every day under the immediate eyes of our English contemporary, and has been going on with increased activity for the last fifteen years, but at no time with more decisive effect than at the present moment. If India has materially diminished her imports or absorption of the precious metals, it has not been because of a diminishing disposition to hoard either gold or silver on the part of the people of India at all, but for the simple reason that another means of paying off the great yearly balance of trade in favor of the people of India has been found by the British Indian Government, namely, the sale in London of Government bills, payable in India in silver, in the ten years, for example, ended with 1885, to the par value of \$820,000,000, or a yearly average of \$82,000,000, or an amount only \$205,000,000, at the most, less than the total coining value of all the silver (\$1,025,000,000) produced during that period from the mines of the earth. In other words, these same Government bills of exchange were sold in London during 1879 to the average amount of \$7,000,000 every month, in 1880 to the average monthly amount of \$7,200,000, and during 1881 to the monthly extent of \$7,280,000, with

\$8,873,000 each and every month in 1882, and \$7,360,000 monthly in 1883, and no less than \$9,160,000 each month in 1884. It has been with these Government bills, sold in London somewhat above the market price of silver, that a balance of trade in favor of India for the half decade ended with the 31st of March, 1887, of \$800,230,000 was mainly paid, or to the extent of about \$493,630,000—the balance, \$300,600,000, having been discharged with gold and silver. As these bills are convertible at once in Calcutta, Madras or Bombay into silver rupees at par, of course they pass current in India in all transactions as readily as the silver rupees do. Therefore, naturally, no merchant will remit silver bullion to India with which to settle balances or make purchases of Indian staples when Council bills may be purchased in London and transmitted by mail, that it will serve the same purposes quite as effectively with less risk and a saving in the end. The mere statement of this fact should suffice to show that these enormous yearly sales in London of Council bills is the real reason why less silver bullion is being imported by India than formerly, and particularly from Europe, and, therefore, why it is that silver has not advanced to par with gold at the ratio of at least 16:1 which it must assuredly have done had English merchants been obliged to purchase as they must have done, to the extent of eighty millions of dollars annually but for these more convenient monetary agencies, Council bills, in order to settle the balance of trade in favor of India.—*New York Mining Record*.

India Railway Traffic.—The Calcutta correspondent of the *London Times* states that a synopsis of the guaranteed railways' transactions to the end of 1887 shows the increase of capital during five years to have amounted to £4,396,262. The results show a profit in this period of Rs.10,70,000. Up to 1883 there was a loss of over 17 lacs. The same correspondent states that in introducing the Railway bill in the Legislative Council at Simla the member alluded to the great development of Indian railway traffic. In 1854, he said, 20 miles only were open; in 1874 there were 8,216; and at the present time 14,191. The separate lines had increased from twenty-six in 1874 to fifty in 1888. During the same period the capital expended had grown from 131 to over 183 millions, the passengers from forty-four to over ninety-six millions, the tonnage carried from 8,775,000 tons to over 20,195,000 tons, and the gross receipts from £11,952,590 to £13,450,622. The existing railways formed five classes: First, State lines worked by companies with a capital expenditure of £62,500,000; secondly, State lines worked by the Government with a

capital expenditure of £50,000,000; thirdly, lines worked by guaranteed companies, with a capital of £61,333,000; fourthly, lines worked by assisted companies, with a capital of £3,750,000; fifthly, lines owned by native States, with a capital of over £5,000,000.

Australian Land Speculation.—Just now there is something very like a crazy land speculation in Australia, which is thus referred to by the *Australasian Insurance and Banking Record*:

"For months past, transactions in real property, in many instances, have been influenced in only a trifling degree by the question—What will the investment return in the shape of interest? but they have generally been engaged in with the expectation of turning over at a profit. So rapidly, in some instances, has land changed hands that we know of cases where from three to five vendors stand between the as yet unpaid holders of the titles and the last purchasers. The magnitude which the property business has assumed may be gathered from the statement that the various land companies and syndicates of Melbourne hold, or are committed to the purchase of property valued at upwards of twelve millions sterling, while individual holdings are also of enormous extent. The business may be safe; it is certainly large. The discouragement given by the banks to land business has led to more numerous applications for advances being made to the building societies, who, as a rule, now find money rather more difficult to obtain in proportion to the demand, and have therefore in some instances raised their deposit rates by one-half per cent. The insurance offices having funds for investment are asking rather higher rates on mortgages; but, on the other hand, there is more British life insurance money available on first-class city properties with a full margin—such investments, however, being few in number. . . . It is difficult to reduce to their just proportions the various elements in the financial outlook, but it is impossible to ignore an impression that it is overshadowed by the gigantic speculation in land which is now in progress. Without looking for a sudden collapse of that speculation, it is yet reasonable to expect that even its gradual subsidence, from inability of the public to accord to it all the support it requires, would temporarily try the monetary resources of the colony."

RAILROAD INDEBTEDNESS.

Mr. Adelbert Hamilton has published an article in the October number of the *Forum* on the subject of railroad indebtedness, which has attracted considerable attention. The figures are enormous, exceeding four times the amount of our national debt. Most of this vast indebtedness is payable within the next twenty-five years. The New York *Commercial Bulletin*, in commenting on this subject, says:

"The annual interest charges, which are of course paid by the traveling and shipping public through fares and freights, are equivalent to a tax of \$3 per annum upon every individual in the United States; and this, it is to be remembered, is about one-half as great as the aggregate taxation by the Federal Government through tariff and internal revenue collections. When placed in this light, the colossal railroad debt, and the methods by which it is to be liquidated, become a subject of such importance and direct interest to every individual that all are concerned in the honesty and efficiency of railroad financiering, and the people will call to stricter account the directors and other authorities who are supposed to represent public interests in the solution of this great problem, and who have unfortunately been too slow to recognize their responsibility and exert their influence in behalf of economical, efficient, and honest financiering."

With a part of these remarks we fully agree, but we cannot look at this indebtedness in the same light as the indebtedness of a municipality or of the nation. The public are taxed no more to pay the interest on this indebtedness than they are to earn dividends on the stock of these railroad corporations; and there is no more reason for using the word taxation in the one case than in the other. When a body of men determine to build a railroad, the question is, whether stock shall be issued for the entire expenditure, or whether bonds shall be issued for a part and stock for the remainder. It is not of the smallest consequence, so far as the patrons of the railroad are concerned, whether the title to this vast property is represented in the form of stocks or bonds. The charge to them for transportation is no greater in the one case than in the other. The question is only one of form in representing the expenditure. Regarded in this light, the expenditure represented by bonds is quite the same as that represented by preferred stock or common stock, or by any other form which it is possible to use to represent expenditure. Now, the railroad fixes a tariff for the purpose

of earning an income on its investment. Whatever this form of investment may be is of no importance to the shippers. Suppose the income should fall so low that the stockholders received no remuneration on their stock, what then? Why, in a great many cases we know what has happened. The company forecloses, the stock vanishes, the bonds are changed into the form of stock, and the company thus reorganized continues its business as before. But the rates of transportation are not necessarily affected by these processes.

Therefore, railroad bonds should not be regarded as indebtedness the same as that of a city or nation. They represent a real, tangible property, just as the common or preferred stock of a corporation represents such property. In both cases there is a real thing which has been obtained for the money paid by stock or bond holders. It is of no consequence whether this entire expenditure is represented by bonds or by stocks.

The important thing, however, is, have the railroad companies expended under a form of investment, represented by bonds or stock, more than they should have done? This is the important question, and doubtless there are many cases of railroad investments in which millions and millions have been sunk in enterprises which were not needed at the time they were undertaken, or perhaps never will be needed in the future development of our country. So far as these figures may awaken public attention to this fact, it is well to present them; but let no one be deceived by the nature of the investment thus made. If this huge indebtedness should have the effect of leading investors to be more careful in the future, Mr. Hamilton will have done a good thing in thus massing them before the public eye.



THE AMERICAN DEBT.

THE FINANCES OF THE UNITED STATES FROM 1861 TO 1887.

BY E. MASSERAS.*

When, in 1865, the end of the war of secession left the United States in debt for more than \$2,800,000,000, incurred in four years, the unanimous conviction was that it would remain a perpetual debt. This prognostication seemed in every way justified by the enormity of the deficit, in comparison with the moderate revenue that the country had hitherto disposed of. It is an axiom, confirmed by experience, that loans, when once they have exceeded certain proportions, inevitably call for other loans, by creating in budgets permanent charges, as the price of those temporary resources, which are absorbed as rapidly as they are obtained. Here, four things combined to render quite improbable the contingency of a settlement: The amount of the capital to be paid back, the burden of the annual interest, the expenditures still to be liquidated, and the slender Federal revenue in time of peace.

As reasonable as these prophecies appeared, events have proved them utterly wrong, to the astonishment of the world. Far from becoming permanent, and from increasing, the debt, bequeathed to the American Treasury by the civil conflict in which the Union was near breaking up, has been reduced by more than half, in the space of twenty years. The contrast is something wonderful. At the time of the last hostilities between the North and the South, March 31, 1865, an official statement established a deficit of \$2,400,000,000. September 1, 1866, the accounts audited carried it up to \$2,886,000,000, and the country was inundated with depreciated paper money. The year 1887 has seen this same debt brought down to less than \$1,400,000,000. From the sum of \$143,000,000 required in 1867, the annual interest has dropped to less than \$50,000,000. The public coffers hold a specie reserve exceeding \$200,000,000, and the Government at Washington is asking Congress for a remedy against the plethora.

It is not enough to go into raptures before these results, nor to envy the country that shows them. The history of American finances, during the quarter of a century which has witnessed these two extremes of impending ruin and reconquered prosperity, does not include surprises only, it contains instruction as well. To get at it, the formation of the Federal debt and its diminution must be viewed together. The two chapters are inseparable, and

* Translated from the French, by O. A. Bierstadt.

the first, thus far unconsidered, is not the least instructive nor the least interesting. Both, however, although appearing to be not at all connected with the financial antecedents of the United States, require, for a thorough understanding, that one should go back for a moment to the early days of the American Republic.

I.

FINANCIAL ANTECEDENTS.

At the very time that it took rank among nations, the Union laid down the doctrine destined to preserve it from the scourge of a permanent debt. In 1787 it came out of the War of Independence \$75,000,000 in debt, a considerable amount for the period; considerable especially for a government whose revenue, sustained solely by import duties, hardly attained \$5,000,000 a year. The idea of liquidating these arrears seemed great presumption. Nevertheless, Washington and his colleagues then established the principle that recourse to credit must be essentially a temporary resource, reserved for circumstances of imperative necessity; consequently each generation must pay the cost of its crises, wipe out the debts it may have been obliged to contract, and leave the financial ground cleared for the generation that is to follow. In spite of the embarrassments of all sorts that encompassed it, the new Federal Government immediately regulated its course in accordance with this precept. Overcoming the resistance offered by the partisans of State rights, it succeeded in enacting an internal tax to supplement the scanty product of the imports. Turned over to the Treasury by the local administrations, who jealously reserved to themselves its collection, raised or lowered according to necessity, this tax was maintained during forty-five years, with a varying product, which never rose very high.* But it was sufficient, with the aid of strict economy, to make the budgets balance, and to enable liquidation to be begun.

The liquidation of the first Federal debt went through some alternations in the beginning that made it almost illusory: one year there would be a slight decrease, the next year would come an increase. Through these oscillations, however, the theory of redemption, no matter how small, prevailed every time that it was possible. In 1812 the \$75,000,000 due in 1790 were reduced to \$49,000,000; \$26,000,000 had been paid. Four years of war with England occasioned necessarily a recourse to loans, and 1816 saw the debt increased to \$127,000,000. But, immediately peace was

* In 1800-1801 the internal tax produced \$1,600,000. In the time of the war with England (1812-1816), it furnished four, six, and up to nine millions. But from 1818 the product dropped to \$1,200,000, and continued to diminish, until the tax became useless, and was entirely abolished.

restored, the redemption began again so successfully that in 1836 the United States owed only \$300,000. The internal tax was then suppressed, not to appear again until twenty-five years later, and the duties on imports became once more, with the sale of public lands, the sole reliance of the Federal budget.

Had it not been for the financial and commercial crisis, which then came to shake the country to its foundations, and from which it took ten years to recover, there would probably have been no more talk of any public debt. But it must return again. In 1843 the Treasury was once more in debt to the amount of \$27,000,000. This figure had been reduced to \$16,000,000 in 1846, when the war with Mexico, undertaken by Mr. Polk, suddenly carried it up again to \$68,000,000.*

From 1853 to 1857 was a new period of reduction, during which \$50,000,000 were paid off. Finally, the year 1860, which marks the opening of the Civil War, found the Federal debt at \$64,000,000, in consequence of a recent reduction in the tariff, and some badly calculated extravagances of the budget.

Henceforth very different figures come into question from those thus far considered; but, though the figures change, the system established by precedents is adhered to: of never contracting a perpetual loan, even at the most critical conjunctures; of reserving the right and seeking the means to pay off the creditors of the National Treasury as soon as the crisis is over. This double rule will be the strength of the United States, when they have to count by thousands of millions, just as when they counted by millions.

II.

LOANS AND FINANCIAL MEASURES FROM 1861 TO 1865.

It must not be thought that, on meeting at Washington, in December, 1860, Congress foresaw the events that were preparing, or had any idea of the exertions that circumstances were about to require. Neither had the Government any such suspicions. Notwithstanding the explosion of wrath and the threatening manifestations which Mr. Lincoln's election had provoked in the Southern States, very few people considered there was any prospect of a serious war. South Carolina had just proposed secession and set the example; but there had previously been beginnings of action almost as grave without bringing the Union into danger. The confidence that everything would once more be ended by a compromise prevailed over all fears. The dominant idea was to fill up and stop the temporary deficit produced in the budget by a want

* This was, however, money profitably invested, for the treaty concluded after this war gave California and New Mexico to the United States.

of calculation; a revenue of hardly \$42,000,000 was counted upon to meet \$66,000,000 of expenditures. After having voted a slight increase of the tariff, Treasury notes to the amount of \$9,000,000 were offered for subscription in January, 1861. The attitude of purchasers revealed the fact that the public was already beginning to hold itself somewhat aloof. At the most but a quarter of the amount was subscribed for, at a discount of 12 per cent., and the Secretary of the Treasury must have thought himself fortunate in finding a syndicate of bankers to take the whole lot on the same terms. The financial campaign opened badly for a Government that was soon to be obliged to raise thousands of millions. But not any more than the darkening of the political horizon, did the coldness of the capitalists give warning of the storm that was brewing.

Under these conditions Mr. Lincoln was inaugurated President, March 4, 1861, with a new cabinet, in which Mr. Salmon P. Chase took charge of the Treasury. Called to this post by a purely political choice, as was always the custom, Mr. Chase was quite ignorant of financial questions. Aware of his incompetence, he had at first declined the offer made him, and requested permission to continue his work as Senator. As the idea of specialties and the distinction of fitness hardly exist to the American mind, Mr. Lincoln insisted, and Mr. Chase finally accepted. So he arrived in Washington, as little prepared as possible for the difficulties with which circumstances were to put him in conflict.

The situation came out more plainly. The cannon of secession had compelled the commander of Fort Sumter to surrender; the flag of the Confederate States replaced that of the United States, and the legislatures of the South, one after another, proclaimed their participation in the insurrectionary movement. Even in the face of all this, the most that people would admit was the probability of a campaign of a few months, localized in two or three States. This is a point on which it is important to insist, when the measures then taken at Washington are considered. Judging them from a distance and long afterwards, it is evident enough that grave financial mistakes were made, that they have cost the country very dear, thrown the monetary market into confusion, and created burdensome embarrassments in the sequel. It is clear, likewise, that several of these mistakes might have been avoided. But to the want of experience in men, not at all prepared for such a task, must be added the precipitation with which they had to act, and the disjointedness of their decisions arising from the long misapprehension of the real proportions of the crisis to be confronted.

The public did its part to prolong this misapprehension by

changing the bad reception it had given, in January, to the Treasury notes. In March a new issue, of \$8,000,000, found buyers at about par. On the 10th of May \$7,400,000 more were sold at between 85 and 92 per cent. Money failed to appear only before a third call for \$13,000,000, made a few days later. This was a warning to the Treasury that it would get into inextricable difficulty, if it continued to multiply its demands for small sums. The contingent appropriations granted by the preceding Congress were, moreover, nearly exhausted, and had become insufficient. Larger resources and powers were indispensable to the Government. At the summons of the President, the House and Senate met in extra session on the 4th of July. The seats usually occupied by the representatives of the South remained vacant. There could no longer be any illusion or retreat; the separation was consummated.

At the Government's request, Congress voted, as a matter of urgency, a loan of \$250,000,000,* to realize which the Secretary of the Treasury was left the liberty of taking one or the other of the following means: 1st. Issue of bonds bearing 7 per cent. interest and redeemable at the end of twenty years, with permission to negotiate \$100,000,000 in foreign countries; 2d. Issue of Treasury notes of \$50 and upwards, payable in three years, and with 7.3 interest; 3d. Issue of Treasury notes, to the amount of \$50,000,000, payable in one year, and with 3.65 interest, in sums as low as \$5, and being a legal tender for the payment of Government officers, contractors, etc. This was a foretaste of paper with forced currency.

In spite of the considerable amount of this operation, it was still a financial policy of temporary expedients, badly calculated to prepare for the further appeals to credit that were already appearing as inevitable. The expenditures grew larger from hour to hour, while the income did not attain half of what had been counted on; to the falling off in business was added the total loss of the revenue from duties formerly furnished by the ports of the South, which now, of course, kept their receipts for themselves. The prospect of long and persistent efforts had, therefore, to be contemplated.

When the means were voted, it was necessary to realize them without delay. Public subscription offering no longer but an uncertain resource, the Secretary of the Treasury entered into direct negotiations with the banks. These gave proof of a truly patriotic disinterestedness, considering the risks they ran in making themselves jointly responsible with the Treasury. The banking institutions of New York, Philadelphia and Boston, formed into a syndi-

* Acts of July 17 and August 5, 1861.

cate, agreed to furnish a sum of \$50,000,000 in exchange for notes payable in three years, and bearing 7.3 per cent. interest. The syndicate promised, besides, to renew the operation eventually for a like sum, two months and four months later, either in exchange for similar notes or for bonds. The Treasury, in return, renounced all other issue in the country, remaining free to get money from abroad.

The banks in the syndicate represented collectively a capital of \$120,000,000, and a metallic reserve of \$63,000,000. Foreseeing the approaching and rapid disturbance of the money market, if the circulation of paper increased without finding extended use, they proposed to suspend the law that required the payment of duties in gold, and to authorize the Government offices to receive their notes as specie. The combination presented the triple advantage of facilitating business, of joining more closely the credit of the banks with that of the Treasury, and of rendering their co-operation more efficient by giving them the means to prolong it. It was nevertheless rejected. Mr. Chase could not be made to understand that the day would come when he would no longer be master of the money market, and that he had an immense interest in postponing this day as long as possible. Vainly, as they paid him the other two advances of \$50,000,000 that formed the balance of their contract, did the bank directors warn him that they were marching on to a forced suspension of specie payment. Vainly did they ask, as a last resource, the authority to issue \$200,000,000 in notes, guaranteed by the Government securities that were accumulating in their vaults, and the total of which already exceeded their capital. The Secretary of the Treasury would listen to nothing; he left the banks to defend alone, as best they could, their metallic reserve against the growing demands that besieged them. Everything came back upon them; the Treasury notes given to the public through their agency; the small notes that the Government made its employes take for their pay; even their own notes, which, after having long circulated in perfect confidence, began to suffer a lack of favor. In less than four months their reserve had been reduced by more than a third, and it threatened entirely to disappear before long under the assault of public mistrust. Prudence called for a heroic measure to protect it, without waiting until it should be exhausted. At the beginning of December, 1861, the banks announced that, by mutual agreement, they should cease to redeem and pay in specie.

This extreme determination, at all times serious, became even more so by its suddenness, in a country living wholly by trade, where financial security is more essential than anywhere else, and which had need of all the resources of credit. Sooner or later,

without doubt, it would have been necessary to come to this; no monetary market can stand up indefinitely under such a load as events were piling upon the American market. But the measure might have been postponed, prepared for, brought about by degrees. The bank committee obeyed a just premonition and gave proof of wise forethought, when it urged that the paper of these institutions should be accepted by the Government as a legal tender, and increased in proportion to their advances to the Treasury. The movement thus given to the circulation would have made the successive loans easier, by widening, without awakening the uneasiness of the public, the field of a fiduciary system with which it had long been familiar. Less dazzled by the facility of the first resources, less imbued with the idea that his need of money would soon come to an end, the Secretary of the Treasury might not so obstinately have rejected this combination. Still another motive had contributed to his obstinacy; he was pursuing a financial ideal that consisted in transforming the organization of the banks, by making them put all their guarantee capital into Government securities. This plan, which was finally to be realized, and to give birth to the present system of "national banks," might have its good side. But the mistake was not to understand that it demanded time, when there was no time, and when, in looking too far away, there was danger of renewing the history of the astrologer falling into a well.

The decision of the banks made it necessary for the Government to take a similar step; that is, to inaugurate the reign of paper money. Whether it would or not, it must ask authority for so doing from Congress. At first the proposition raised a universal protestation. Legislators and public measured its consequences with the clear-sightedness of a business people. Though the theories of political economy count but a few experts in the United States, the whole nation is familiar with questions that, in Europe, escape all consideration from the majority. This is, upon our part, it may be said in passing, an inferiority which explains how we let financial enormities pass, and know enough only to call down imprecations upon their authors retrospectively, when we are suffering from their consequences. This, too, is why the government of the people by the people will long continue to be with us but a sounding phrase; it calls for a lucidity of judgment that is wanting among us; the ideas and habits essential to make it a truth are found only in a very small part of the nation. Not only in New York and in Washington, but throughout the whole country, the people discerned at the first glance the dangers of the course toward which the fatality of events pushed on. But, at the same time, it was recognized that there was no escape from it. While an ardent discussion opened in the newspapers, the House of Representatives engaged in

a debate, all the more remarkable in that political passion was absent from it; excepting, indeed, a few opposing voices that did not count, the sole and common opinion in Congress was the firm resolution to crush secession, cost whatever it might cost. No party interest or maneuver, therefore, complicated the discussion. But some doubts regarding the constitutional law were mingled with the question of principle. Could Government notes be created? Such was the divergence of views, that for a time the Committee of Ways and Means was evenly divided into two halves. One of the opponents of the bill had to consent to change his vote, in order to end the dead-lock and form a majority. The discussion was finished in the House only to begin over again in the Senate with quite as much warmth, and with the same objections. It would inevitably have resulted in an absolute rejection, if imperious necessity had not commanded otherwise. But what was to be done? The Government coffers were empty; those of the banks, which had hitherto been drawn upon, had just been shut up; the floating debt immediately demandable exceeded \$300,000,000; the expenditures swallowed up \$1,000,000 a day. The inevitable had to be submitted to. On the 6th of February, 1862, the following dispositions were adopted, as a measure of necessity, not of free choice, according to the expression of a member of the House:

First. Issue of circulating notes by the Government to the amount of \$150,000,000.*

Second. The paper money thus created to be a legal tender, except for the payment of duties, which should continue to be collected in gold.

Third. Holders to have the privilege of exchanging these notes for bonds.

On the 25th of the same month Congress authorized the Treasury to issue bonds, to the amount of \$400,000,000, bearing 6 per cent. interest payable in gold, and not subject to taxation. Faithful to their system of never assuming perpetual burdens, the United States gave these bonds twenty years to run, reserving the privilege of redeeming them after the fifth year.†

In voting upon this measure, two points met with marked opposition: the engagement to pay the interest of the new loan in gold, and the obligation imposed on commerce of settling duties in specie, when it would have to sell its merchandise for paper. The first clause was contested as excessive, and putting too heavy a load upon the Treasury, at least, for a time; in the second, there was seen a sort of want of fairness on the part of the Government.

* These notes took, in colloquial language, the name of *greenbacks*.

† Hence they were called *five-twenties*. Similar bonds, issued later, and redeemable in from ten to forty years, were likewise called *ten-forties*.

which refused to receive its own notes at the custom house. The criticism was just, particularly with regard to the second point, and yet the provisions that were assailed with every appearance of reason were destined to become the basis of American credit. While the payment of the interest in gold attracted European capital, the receipts for duties furnished the Treasury with the specie that it needed for its creditors.

It would be difficult to imagine a more critical situation in all respects, than was that of the United States at this time. The vicissitudes of the war appeared all the more disquieting, because the first operations had turned to the advantage of the South. All the Government securities had fallen below par; some of them could not find buyers at any price. The different kinds of securities, issued one after another for the first necessities, had thrown the market into confusion. The sudden recourse to paper money finally shook the Government credit. So, in spite of the advantageous terms offered to purchasers, the amount of five-twenties disposed of at the end of the fiscal year hardly attained \$14,000,000. To supply the place of the money that did not come in, the whole series of financial expedients was exhausted. To the notes of every kind, redeemable at long and short periods, was added a new system of "certificates of debt," a sort of notes to order, with which were paid provisionally the contractors whose audited accounts remained unsettled. But, whatever was done and invented, paper money had constantly to be called upon to meet necessities, more and more pressing. The opponents of the system had prophesied only too truly, when they warned that the first step taken on this declivity would surely lead to others. Three months had not passed away before Congress saw itself called on to vote a new issue of \$150,000,000. A third of equal importance became indispensable by the beginning of 1863. The amount of Government notes put in circulation thus reached \$450,000,000 in the space of a year. The financiers protested, Congress only gave its assent with a resistance more marked every time, and President Lincoln declared that the force of circumstances alone extorted from him his signature; but, in the end, all were compelled to yield. Notwithstanding all that had been said in opposition, it became necessary to put up with small notes even, to make bills of a dollar, and then fractional currency of 50, 25, 10, and even 5 cents.* All metallic money had disappeared, copper as well as gold and

* This fractional currency became quite a good thing for the Treasury. The little notes were quickly used up in passing from hand to hand, and they had to be constantly renewed. Though the amount put in circulation was limited by law to \$30,000,000, the total successively printed, from 1863 to 1879 (resumption of specie payment), exceeded \$360,000,000. It is quite certain that several millions, torn, soiled or lost, never came back to be redeemed.

silver, and that, with such suddenness, that, during some weeks, the public was forced to use postage stamps as an improvised small change for very cheap purchases, omnibus fares, etc. The beer-saloons, the grocers, and the most frequented retail stores, struck tokens of a nominal value, on which was inscribed their address, and which passed among their customers. In the hope of obviating this penury, the mint began to coin three-cent pieces in nickel; but such was the instinct of the people to hoard up everything that was metal, that even these coins disappeared as soon as they were out of the mint.

It goes without saying that the premium on gold had come to be a permanent thing. After remaining at quite modest rates during the first months, it began to rise, and went up to 35, to 50, and even to 60 per cent.* Gold, having become merchandise, had thenceforth its special exchange, its brokers, its regular negotiations, and its official quotations. As a natural consequence, the depreciation of paper caused at the same time an enormous rise of price on articles of consumption, and especially on imported merchandise; rents went up beyond reason; and the cost of living doubled and tripled. American prosperity, but lately reputed impregnable, staggered under the menace of a catastrophe which many people at that time thought impossible to be averted.

It was to be feared that this accumulation of embarrassments and bad omens, combining with the continued growth and prolongation of expenditures, would end in keeping off capitalists. It was fortunately counterbalanced by the turn of military events, which now began to shape themselves in favor of the North. Thanks to this circumstance, the Government credit rose somewhat in the summer of 1863. The five-twenties loan, the first millions of which had found purchasers with such difficulty, was disposed of in the space of a few months. The public, however, had complained that these bonds did not have a sufficiently long time to run; considering them a good investment, it wanted the periods of their redemption to be put further off. To satisfy this demand, Congress, in voting a new loan with the same conditions of interest and guarantees, doubled the periods, assuring to purchasers of bonds their interest for ten years instead of five, and reserving to itself forty years instead of twenty to effect the redemption. With this attraction of a longer time, and considering the readiness lately manifested by subscribers, there was every reason to expect a rapid sale. An unlucky inspiration of the Secretary of the Treasury stopped the enthusiasm. Dazzled by success, he thought he could use the power left him by Congress

* In 1864 the paper money fell so low, that, during several months, it required \$25 in notes to procure \$100 in gold.

of lowering the interest on the ten-forties to 5 per cent. But, far from answering to his expectations, the result was to slacken the orders flowing in. The amount disposed of did not go over \$70,000,000 on the 1st of July, 1864.

This date closes a chapter in the financial history of the War of Secession; it was marked by the retirement of the head of the Treasury, upon whom had devolved the heavy task of grappling with the first surprises of the Civil War. To have succeeded, in one way or another, was assuredly something, if the suddenness of the shock, its violence, and the ensuing general alarm be taken into account. Allowing Mr. Chase this merit, however, he may be reproached with a want of coolness, of foresight, and of wide-reaching views. A notable part of the renewed embarrassments that assailed the American Treasury from 1861 to 1865, and especially the enormity of the burdens that were accumulated upon it during these four years, are to be imputed to the inconsiderate precipitation of the measures adopted at the beginning of the crisis. Despite the unexpectedness of events, and the proportions they assumed, the Government finances offered elasticity and resources enough not to have to pass through such disorder and sacrifices, if better advantage had been taken of them. The error was in thinking only how to use everything, almost at hazard, and in being belated with expedients. Certainly, few of the politicians of the United States believed in anything like a war of four years, and so gigantic a war; but, from the middle of 1861, the Secretary of the Treasury received warnings from the business world, enlightened by its instinct, experience, and information. Better listened to, these warnings would have spared more than one hour of trouble, and more than one burdensome operation.

On delivering to his successor, Mr. Fessenden, the keys of the Treasury, Mr. Chase left in it some \$20,000,000. This was enough to live on eight or ten days, for the daily expenditures were figured at from \$2,000,000 to \$2,200,000. The floating debt immediately demandable comprised \$160,000,000 of "certificates of debt," and \$70,000,000 of approved requisitions.

On the other hand, however, the time was seen to be approaching when the South, already broken into from all sides, and drained of men and money, would be forced to acknowledge itself beaten. The reconstruction of the Union was now only a question of months. This prospect, and the opportunity given to foreign subscribers of profiting by the premium on gold when buying bonds with paper money, enticed European capital more and more.*

* Taking account of the exchange on paper money, the American bonds hardly cost on the average more than 70 per cent. to European capital. Some even scarcely cost 50 per cent. at the time that the premium on gold in New York attained its highest point.

The market for American securities was considerably enlarged, and the last months of the war passed off with relative ease. The expenditures, however, continued to be so enormous, that Congress again had to vote a loan of \$400,000,000 on the 30th of June, 1864, and \$600,000,000 on the 3d of March, 1865—on the very eve of the taking of Richmond, and of the final disarmament of the Confederate army. But the money, lately so slow in coming, now flowed in of itself; \$500,000,000 were subscribed in three months.

Recapitulating the figures, it is found that, without counting the Treasury notes, temporary securities, and paper money, the amount of the loans, properly so called, voted by Congress, was not less than \$2,500,000,000. It is true that several of these loans were combined one with another, or served to replace one another. But the total forms none the less a series of unexampled financial operations.

[TO BE CONTINUED.]

SAVINGS AND POSTAL BANKS.

Mr. Edward Atkinson, in a recent paper, calls attention to the relative position of savings banks in this country and postal banks in Great Britain. It appears, he says, that the present deposit in all the strictly savings banks of the United States amounts to over \$1,200,000,000. This sum is in excess of the entire debt of the United States. If the deposits of the whole United States per capita were equal to the per capita deposit in Massachusetts, the sum total of all, including Massachusetts, would be over \$9,000,000,000. In view of these figures, the proposition to establish a postal savings bank in connection with the post offices of the United States is evidently impracticable. A very small deposit throughout the country would exhaust all the existing bonds of the United States for investment, even if they could be purchased; but it is evident that before the end of the century there may be no United States bonds to be purchased. What then could be done with the money? The officers of the United States could not be considered suitable trustees for the investment of savings banks deposits in any other security than the bonds of the nation. What then? Has a postal savings bank any place except in a country which is loaded with a heavy and permanent national debt? Moreover, may it not be held that a benefit accrues to the community living in the neighborhood of a savings bank from the use or investment of the deposits, almost equal to that implied by the saving on the part of those who own them? A very large portion of the working people of Massachusetts have been enabled to borrow money from savings banks on a mortgage for the purpose of building their own houses. Another large portion of the savings bank deposit has served as a working capital for the manufacturing industries of Massachusetts, lent to them on the safest conditions. Another large portion is invested in the stock of our national banks, thereby serving the regular purposes of commerce. In every way the benefit to the community is very much greater than if the money were invested in United States bonds or any other State bonds or securities.

CONDITION OF THE NATION'S FINANCES.

The U. S. Treasurer, Hon. J. W. Hyatt, has submitted to Secretary Fairchild his annual report. The net revenues for the fiscal year ended June 30, 1888, were \$379,266,074, and the net expenditures \$267,924,801, the surplus receipts available for the reduction of the public debt being \$111,341,273, an increase of \$7,870,176 over the year before. As compared with 1887, the revenues were \$7,862,797 greater, and the expenditures \$7,378 less. The revenues of the Post Office Department were \$52,229,384, and the expenditures \$55,894,298, there being a deficiency of \$3,664,913, on account of which \$3,160,820 was paid out of the Treasury. The Treasury balance increased during the year from \$69,224,379 to \$129,804,242, and the total assets, including certificates of deposit in the cash, from \$622,304,284 to \$764,729,535. The net change of \$60,579,863 in the balance was produced by an increase of \$37,526,468 in the assets, and a decrease of \$23,053,394 in the liabilities. The silver balance fell off more than \$27,000,000. The principal increase of assets was in United States notes and deposits in national banks, and the principal decrease of liabilities in the public debt and the funds for the redemption of national bank notes.

There was a net decrease of \$74,788,920 during the fiscal year in the principal of the interest-bearing debt. The total purchases of bonds for the sinking fund and out of surplus revenues were \$51,464,300, the net premium paid, exclusive of accrued interest, being \$8,270,842. Under the circular of August 3, 1887, interest amounting to \$2,136,839 on 4 and 4½ per cent. bonds was prepaid with a rebate at the rate of 2 per cent. per annum. The amount of the rebate was \$9,259.

The gold and silver coin and bullion in the country, and all kinds of notes and certificates outstanding on June 30, 1887, amounted to \$1,925,259,882, and on June 30, 1888, to \$2,093,562,072. The stock of gold and silver increased from \$1,007,513,901 to \$1,092,391,690, mostly in gold. The increase in the volume of the paper circulation was \$83,424,400.

The redemption of United States notes at the Treasury amounted to \$63,652,000, and those at New York, in gold, to \$692,596. Since the resumption of specie payments only \$26,736,454 have been redeemed in gold. The most careful estimate from data at hand places at 1 per cent. or less the loss or destruction of paper currency.

Certificates of deposit amounting to \$24,110,000 were issued for United States notes, and \$18,465,000 were redeemed, leaving \$14,665,000 outstanding. The Treasurer attributes the decrease of the use of these certificates since 1886 to the change in the manner of redeeming them, the holders now receiving the same notes that were deposited, instead of new notes as formerly. The volume of gold certificates outstanding increased \$20,536,333, reaching \$142,023,150, the highest point yet noted at the end of any fiscal year. Taking into account the decrease of the amount in the Treasury, the total increase of the circulation was \$29,901,143. The greater part of the increase was in the denominations of \$1,000 and \$5,000, which are much used in the transactions of the New York Sub-Treasury with the Custom House and the Clearing House. There were issued \$105,896,000 of silver certificates, mostly of denominations of \$10 and under, and \$21,947,378 were redeemed. The amount outstanding increased from \$145,543,150 to \$229,491,772. The increase in the actual circulation was \$58,431,707. It had been impossible to meet

the demand for the denominations of \$1 and \$2, and in consequence their issue was suspended between October 18, 1887, and February 3, 1888. Since the latter date the Treasurer has been able, most of the time, to furnish them as they have been asked for. The seasoning which the notes now get before they are issued fits them better for wear, and the result is seen in the improved condition of those now in circulation.

The coinage of silver dollars during the year amounted to \$32,484,673, making the total coinage \$299,424,790. Owing to the scarcity of \$1 and \$2 notes, and the demand for the movement of the crops, nearly \$9,000,000 were drawn into circulation between May and November, 1887, but when the notes were again to be had the dollars came back to the Treasury as fast as they had gone out. The Treasurer is of opinion that the people have all of these coins they want or are willing to take, and recommends that, if the purchases of silver are to continue, the bullion be put into the form of heavy bars or ingots. The new silver vault in the Treasury building, having a capacity of one hundred million of the dollars, and said to be the largest treasury vault in the world, is being filled at the rate of half a million a day. It will hold the total coinage of three years.

The amount of fractional silver coin in the Treasury has not changed much. Of a little more than \$26,000,000 held on June 30, 1888, \$20,500,000 was in half dollars, and only \$5,500,000 in other pieces. The Treasurer points out that this proportion, which does not vary from year to year, is excessive, and that something like \$15,000,000 in fifty-cent pieces, that are not needed for circulation, will doubtless have to be carried by the Treasury until they are recoined into other denominations or absorbed by the growth of business.

At the close of the year the Treasury held \$178,312,650 of United States bonds to secure national bank circulation, and \$56,128,000 to secure public moneys held in depository banks. There was a decrease during the year of \$13,654,050 in the amount of the former, and an increase of \$29,642,500 in the amount of the latter. There was \$58,712,511 of public money held by the banks, an increase of \$35,395,633. The semi-annual duty collected from national banks amounted to \$1,616,127, making an aggregate of \$136,253,803 since 1863. The net proceeds of the national bank notes redeemed during the year were \$98,246,727. The redemptions were \$11,000,000 greater than those of the preceding year, in the face of a reduction of \$56,500,000 in the two years in the amount outstanding, and greater in proportion to the circulation than those of every year, save two, since 1879. The increase came from New York city, for Treasury checks and \$1 and \$2 silver certificates,

The redemptions from the 5 per cent. fund were \$43,379,185, and those from the funds for the retirement of circulation were \$50,163,957. The latter fund excited much concern early in the year. On July 8, 1888, it stood at \$107,827,754, the highest point it has ever reached. From that time it declined to \$91,952,843 by the end of the fiscal year.

THE STATE AND MONOPOLY.

The following article, by Prof. Sumner, of Yale University, is of a very different quality from the brainless trash which has been emptied in unlimited quantities into the stream of newspaper literature within a twelvemonth. The article first appeared in the New York *Independent*.

A recent Russian writer has said :

"It is recognized as the highest principle of economic science by the newest school in the West of Europe, that the government is under obligation to take upon itself the management of economic relations in the country, and especially to care for the interests of the lowest and least secure classes of the population. In this respect our government stands in a far more satisfactory position than the Western European governments. The civil authority amongst us has, from of old, taken the most active part in the regulation of the economic relations of the people, while, in the West, such intervention of the government in the economic life of the people constitutes one of the pious hopes of the newest school of economists, the *Katheder-socialisten*."

I do not see how the claim here put forward on behalf of Russia can be successfully resisted. If Western Europe and the United States are really to adopt the plan of regulating interests by the management of public functionaries, then they must be prepared to admit that the traditions of civil liberty, and the principles of jurisprudence, which have guided Western civilization for a thousand years, are all at fault, and that Russia has all the time been on the right track. We must come to regard the *Tchinownik*, or functionary, not as a bugaboo of Russian novels, but as the true agent of civilization. The more objectively and inductively we are disposed to study social questions, the more zealously we should apply ourselves to the study of the Russian model.

No one has ever succeeded in formulating a precept for distinguishing and defining the field of action of the State, when approaching it from the negative side. It appears to be impossible to formulate such a precept. The cases must be decided as they arise. It is altogether a matter of expediency. As such it may be subject to general maxims, whose application to particular cases must be controlled by good sense and sound judgment. The statesman must be a man of sagacity, cultivated judgment, practical experience, broad observation and acute perception in regard to the relation of means to ends. He cannot fill his position by doing nothing.

But if it is difficult to define the function of the State from the negative side, and to say that the State should do only this or that, what shall be said of the attempt to define it positively? If we seek to give a charter to the State, that it *may* interfere, and to found interference in "principles" of morality and expediency, we find ourselves floundering in puerilities and pedantic generalizations. Such generalizations have been put forth, and the complacency with which they are propounded, in connection with their obvious ineptitude, are among the prominent features of work in social science at the present time.

It has, for instance, been said that the natural monopolies constitute a definition of the field of legitimate control by the State, and it has been repeated so often, in one form or another, that it has become a sort of current dogma, as if a solution had been found which is at least

good as far as it goes. The test of any such dogma is to see whether it contains all the necessary inclusions and exclusions so as to properly mark off the ground which it pretends to define.

Life insurance is not a natural monopoly, but I suppose that no one would deny that life insurance, on grounds of expediency, offers one of the most reasonable and proper occasions for State regulation of a sound kind. As a matter of fact, State regulation of life insurance has been outrageously abused, showing how difficult it is to execute regulation wisely and righteously, even where its legitimacy may be defended, but the grounds of State regulation in the expediency of the case still remain. Life insurance is a mystery to all except those who make a study of it. One party to the contract acts ignorantly, and in the dark. The equities which arise from the relation of insurer and insured are subtle and complicated. The insured cannot, for various and obvious reasons, defend his interests. If, then, the State adopts general regulations for the conduct of that business, which are germane to the nature of the business, and which will prevent the insurer from perpetrating a swindle, and give confidence to the insured, we have a case where the grounds for State interference to prescribe methods and fix responsibility, are as strong as in any case which can be mentioned. It is not, however, a case of monopoly, so that the dogma of interference with natural monopolies fails to include one of the widest, most important, and least questioned of the interferences now practiced by civilized States.

In a recent paper I defined and discussed representative cases over the whole field of natural monopoly. Among the other cases it was shown that literary productions, whether books or periodicals, are cases of natural monopoly. If the State is to regulate natural monopolies, the moral grounds, and the grounds of expediency, for regulating literary productions, are stronger than those for regulating any other monopoly. The moral grounds for a censorship of the press are far stronger than the similar grounds for regulating trusts, adulteration of groceries, factory ventilation, child labor, etc., etc., because the moral corruption of bad literature is far more destructive to social interests than the other bad things against which the other regulations guard. There is no case in which the advocates of non-interference rely so entirely on "general" principles, dogmatic abstractions, and *a-priori* assumptions as when they argue in favor of freedom of the press on a general faith that, on the whole, less harm comes from liberty than from restraint. The argument for a commission to regulate "interstate" literature is a thousand fold stronger than the argument for a commission to regulate interstate commerce or telegraphs. On the Russian plan, therefore, a censorship of the press is included.

The argument for a regulation of the natural monopoly enjoyed by newspapers would be stronger still. The need for informing the people about public affairs, and informing them correctly, is most important, "in order to maintain our republican institutions," an argument which is put forward as conclusive and final in innumerable other cases. A proposition might also be formulated, on behalf of which a great deal could be said, to the following effect: The State ought to see to it that every social institution which possesses power should be loaded with a corresponding responsibility. If such a rule was adopted, it would at once apply to the newspaper press, for, since we have established freedom of the press, the newspapers have become a gigantic power which is capable of perpetrating, and constantly does perpetrate, wrongs against both public and private rights, for which there is no remedy. Here

again, therefore, we should find moral grounds for State regulation of the press.

Still again : I have spoken so far only of regulation of literature in the interests of public morality and political instruction ; but, if there are grounds for regulating the prices of railroad transportation, then there are certainly reasons for regulating the prices of books and newspapers. If the fact that a railroad is paying ten per cent. dividends is a reason why its rates should be reduced, why is not the fact that a newspaper is paying ten per cent. dividends a reason why its price should be reduced ? If all the trusts are to be crushed, why not begin with the Associated Press ? If it is a reason to legislate on the price of a patented article, that the patentee has made a fortune, why not fix the price of James' or Howells' novels ? Or, stronger still, of the " Franklin " arithmetic and Appleton's Encyclopedia ? In fact, if the argumentation on these matters which fills current literature had any sense in it, we might go on and make a serious argument, of a similar kind, to show how and why the writers of " good " books should be forced to sell them for a nominal price, and the writers of " bad " books should be forced to charge enormous prices.

Now, so far as I know, nobody has dared to propose a censorship of literature, or a limitation on the freedom of the press, or State regulation of literature in general, although it is plain that such regulation would be the most obvious case for State interference on the broadest ethical grounds. The dogma that the State should interfere to regulate natural monopolies here fails, because it includes too much. Therefore it fails, both by inclusion and exclusion, to define the limits of State interference according to the most received ethical principles, and according to the historical practice of civilized States. It remains only a specimen of the fatuity with which current social discussion is afflicted.

WHAT PROPERTY IS COVERED BY BILL OF LADING GIVEN TO SECURE DRAFT.

COURT OF APPEALS OF NEW YORK.

Bank v. Recknagel.

Defendants authorized plaintiff, a foreign bank, to allow a foreign firm to draw for defendants' account against a certain number of bales of Manila hemp, to be purchased and shipped by a certain vessel, advice to be given plaintiff, accompanied by a bill of lading, with abstract of invoice indorsed thereon for the property shipped. Plaintiff accepted, and cashed drafts against " bales of hemp." An abstract of invoice for " bales of Manila hemp " was indorsed on each bill by the consignor after it had been signed by the captain, but without his knowledge. A letter of advice described the shipment as " bales of hemp." The foreign firm failed and absconded, and most of the shipment proved to be matting only ; the rest being Manila hemp. *Held*, that plaintiff cannot recover of defendants the amount paid on the drafts accepted against the matting.

The plaintiff is a Canadian banking corporation, having agencies in London and in New York city. The defendants are a firm doing business in the latter city, under the name of Recknagel & Co. On December 1, 1881, the defendants requested the plaintiff's New York agents to open by telegraph a credit in favor of Vogel & Co., of Hong Kong, China, in the following communication, in writing : " DECEMBER 1, 1881. Please telegraph authority to Vogel & Co., Hong Kong, to draw at 6

mos. for our account against consular invoice, and full set bills of lading of 2,500 bales Manila hemp, p. Robinson, at the rate of 4 pounds p. bale, on a basis of 8 shillings sterling, freight filled up in bill of lading, reducing advance, if higher." The same day plaintiff sent the following telegram to Vogel & Co.: "Vogel, Hong Kong: Credit 608, six months, issued Recknagel ten thousand pounds, documents, 2,500 bales Manila hemp, per Robinson, at four pounds per bale if freight eight shillings, or reduced advance if freight higher." On the following day the plaintiff delivered to the defendants a letter of credit in favor of Vogel & Co., which was addressed to the plaintiff's agents in London, and which authorized Vogel & Co. to draw "against goods shipped per Robinson, . . . at six months' sight, for any sum or sums, not exceeding 10,000 pounds sterling, to be used as they may direct, for invoice cost of 2,500 bales of Manila hemp, . . . to be purchased for account of Recknagel & Co., of New York, or whom it may concern, and to be shipped to New York. The bills must be drawn in Hong Kong, or in some port in —, prior to the 1st day of June, 1882, and advice given to you in original and duplicate; such advice to be accompanied by bill of lading, filled up to order of agents of the Bank of Montreal, New York, with abstract of invoice indorsed thereon, for the property shipped as above. All the bills of lading issued, except the one mailed to us and the one retained by the captain of the vessel carrying the cargo, are to be forwarded direct to you. The original invoice, properly certified, to be also forwarded to us." On the margin was written: "This credit opened by cable direct, 1st December, 1881." Upon the receipt of this letter of credit, the defendants, the same day, executed an agreement consenting to its terms, obligating themselves "to provide for all bills which shall be drawn and accepted under the same," etc., and providing as to security for the payment of their indebtedness. On December 14th and 19th, the London agents were advised by cable, and by mail, of the telegraphic credit extended to Vogel & Co. Between December 3 and 13, 1881, Vogel & Co. drew three drafts on the plaintiff's London agents; all of the same being of like form to the following, which was the first one drawn, and differing only in dates and figures: "No. 13, 8,248. EXCHANGE FOR 2,400 POUNDS. HONG KONG, 3d December, 1881. At six months after sight of this first exchange (second and copy unpaid), pay to the order of ourselves two thousand four hundred pounds sterling, value received, and place the same to account against s-m., 600 bales hemp, p. 'R. Robinson,' under tel. cr. 608. 10,000 pounds. Dated New York, 1st December, 1881. VOGEL & CO. To the Bank of Montreal, London." The three drafts amounted in the aggregate, to £8,080. The other two drafts were against 500 and 920 "bales of hemp," respectively. To each draft was attached a bill of lading for "bales of merchandise," "weight and contents unknown;" and there was indorsed by Vogel & Co. upon each bill of lading, after it had been signed by the captain, but without his knowledge or consent, an abstract of invoice for "bales of Manila hemp." The draft was accompanied by a letter of advice, describing the shipment as "bales of hemp." These drafts were drawn under the telegraphic credit, and had been accepted by plaintiff's London agents before Vogel & Co. had received the letter of credit mailed by defendants to them. The drafts were paid at maturity. Upon arrival of the ship "Robinson" in New York, it was discovered that there were only 500 bales of Manila hemp on board, and the remaining 1,520 "bales of merchandise" were composed of rolls of matting. Vogel & Co. were bankrupt and had absconded. The plaintiff seeks to recover of the defendants for the amount of its accepti-

ance of drafts of Vogel & Co. It had judgment, upon the defendants' offer, for the amount of the draft, which was accompanied with the bill of lading for the bales which actually were Manila hemp; but, as to the other drafts, it was held below that it could not recover, as they were not accompanied with bills of lading and invoice for Manila hemp, and because the bales identified by the bills of lading were not Manila hemp. From the judgment of the general term, affirming the judgment at special term, the plaintiff appeals to this court.

GRAY, J. (after stating the facts as above).—If Vogel & Co., in drawing upon plaintiff's London agents, complied with the terms and conditions of the cable credit, then the defendants are liable to the plaintiff; for that credit was extended in pursuance of the terms of their request. But if Vogel & Co., in any material matter, failed to comply with those terms and conditions, the plaintiff's London agents accepted the drafts at their peril, and defendants could not be held liable, unless these were in fact consignments of Manila hemp, or unless, by the provisions of the letter of credit and the defendants' agreement respecting the same, the terms of the preceding request and of the cable credit were modified or changed in such wise as to allow of drafts by Vogel & Co., without such restrictions or conditions. The defendants' request was to "telegraph authority to Vogel & Co. to draw at 6 months for our account, against consular invoice, and full set bills of lading of 2,500 bales Manila hemp, per Robinson, at 4 pounds per bale," etc.; and the telegram to Vogel & Co. was: "Credit 608, six months, issued Recknagel 10,000 pounds, documents, 2,500 bales Manila hemp, per Robinson, at 4 pounds per bale," etc. There is no doubt that both bankers and shippers plainly understood the word "documents," used in the telegraphic credit, as calling for consular invoices and bills of lading; for the former cabled on the basis of the defendants' written request to that effect, and the latter sent forward their drafts accompanied by such documents. The difficulty has arisen from the failure to specify in the bills of lading the kind of merchandise which the defendants had authorized the plaintiff to accept against for them, and in the acceptance of drafts which were not against shipments of that kind of merchandise at all. We do not see that the letter of credit, and the agreement to provide for acceptance, and to indemnify, alter the conditions imposed by the cable credit, or change the relative obligations of the parties. The letter of credit authorized Vogel & Co. to draw on plaintiff's London agents, "against goods shipped per Robinson, for 10,000 pounds," to be used for invoice cost of 2,500 bales of Manila hemp, at 4 pounds per bale, filled up in a bill of lading, etc. It required the advice of the bills drawn "to be accompanied by bill of lading, . . . with abstract of invoice indorsed thereon for the property shipped as above." The agreement of indemnity was to provide for bills "drawn and accepted" under the letter of credit.

Letters of credit are governed by the same general legal principles as are all contracts. In *Orr v. Bank*, 1 Macq. H. L. Cas. 513, Lord Brougham said of them: "I am inclined to think that there is no very great novelty or peculiarity in letters of credit to take them out of the general law applicable to mandates. I am not aware that there is anything in the mercantile law, or the custom of merchants, to distinguish letters of credit from any other authority to pay money." In this case the peculiarity of the credit extended by the plaintiff to Vogel & Co., at the defendants' request, is that, besides being special, in that it was addressed to a particular banking agency, was confined to it, and gave no other party a right to act upon it, it restricted the drafts drawn under it to a

particular purpose, which should be vouched for in a certain manner to authorize acceptance and payment. Under the agreements effected between the plaintiff and the defendants for the extension of the credit to Vogel & Co., the defendants only became liable to plaintiff to provide for drafts accepted by its London agents within the precise terms upon which the credit was opened. The credit was authorized upon certain conditions prescribed by the parties to be ultimately bound, which they not only had the right to make, but which were assented to by the plaintiff. It is difficult to see how parties could more particularly define the terms of their engagements than was done in this case. By the proper construction of the agreement between them, the plaintiff was not bound to accept any drafts unless they were against Manila hemp shipped by Vogel & Co. to defendants by the ship "Robinson," vouched for as to each of those facts, and the stipulated costs, etc., by documents consisting of a letter of advice and a bill of lading; and the defendants were not bound to provide for or take up any other kind of drafts. Each party was held to either accept or to provide for drafts, as the case might be, if they were accompanied by those mercantile documents evidencing the consignment of Manila hemp in the particular manner, and at the rates of cost and freight, specified. In making their arrangements with the plaintiff, the defendants had the right to surround themselves, as to their advances through the plaintiff's agency, with all the safeguards which the nature of the case admitted. The effect of their stipulating in respect of acceptances by plaintiff of Vogel & Co.'s drafts was to protect themselves, as far as was possible, against any unauthorized acts of Vogel & Co. Every lawful provision or condition in the contracts of parties should control, and should not be disregarded in the determination of their rights, if it can be deemed to have entered into the contract with any definite or perceptible purpose. In interpreting their agreements, and in determining the respective obligations based upon their writings, courts should look at the surrounding circumstances, the situation and relations of the parties, and the subject-matter of their negotiations. In that way, the intention, where there is any uncertainty, is better given effect, and their undertaking is more certain to receive a reasonable and fair interpretation. But, when the agreement is determined into which the parties have entered, it is but just and fair that they should be held strictly to it, and all their stipulations we should assume to have been made for a purpose, and to have been considered important by them, and therefore cannot be dispensed with. *Hill v. Blake*, 97 N. Y. 216. In *Bank v. Taaks*, 101 N. Y. 442, 5 N. E. Rep. 76, Andrews, J., speaking of the effect of a letter of the defendants, undertaking to accept the drafts of certain parties, said (page 449): "Assuming that it was a general letter of credit, . . . it nevertheless amounted simply to a contract on the part of Taaks & Lichtenstein to pay advances made in conformity therewith. They had a right to stand upon the very terms of their contract, and they were not bound unless the condition upon which their obligation depended was fulfilled." In *Bank v. Griswold*, 72 N. Y. 472, Church, C. J., said (page 479): "It is doubtless true that when the right to draw is limited in amount, or is dependent upon the condition of the performance of some act, or that certain facts exist, it must appear that the draft was within the limit, or that the act constituting the condition has been performed, or the facts exist."

Whether a provision shall have the effect of a condition absolute in its nature is often a question of much difficulty. It should be obvious from a reading of the writings of the parties that it was the understanding of the parties it should have that effect. It was said by Chief Jus-

tice Tindal in *Glaholm v. Hays*, 2 Man & G. 266, that the decision of the question must 'depend upon the intention of the parties, to be collected, in each particular case, from the terms of the agreement itself, and from the subject-matter to which it relates. I do not think it depends upon the arrangement of the words in the writings, but on the reason and sense of the thing, as it can be collected from whatever constitutes the agreement sought to be enforced. That which is a condition must be some provision which cannot be severed from the agreement, and leave it, within a fair interpretation, as their contract.'" Applying these rules here, we find, in the transactions between these parties, a certain purpose or object which the defendants sought to attain, and which the plaintiff undertook to carry into effect. That purpose seems plain enough. It was to advance moneys to obtain a consignment of a certain article of merchandise known as "Manila hemp," and to secure, so far as possible, that the advance should be made upon that particular article, and upon no other. When the authority to accept a draft for which another is to be bound, depends upon conditions reasonable in their nature, and readily capable of being ascertained or performed, it seems but just that the existence or performance of such conditions should be shown in order to enforce the obligation of the party. In this case the defendants' promise to indemnify the plaintiff was coupled with a condition which I think was material and important. It was an integral part of the agreement of the parties that the bills of lading should contain a statement that Manila hemp was shipped. The defendants had agreed to advance against specific consignments of that article of hemp; such consignments to be evidenced to the acceptors by bills of lading in form for such a shipment. The words, "for our account," in the defendants' request, refer to the drafts, and not to the purchase. The purpose of making the advance was not only specified, but the authority to accept was limited to the event of the fulfillment of that purpose being evidenced in a certain way. The plaintiff's agent, in accepting against a shipment of merchandise in general, or against hemp generally, departed from an important condition of the credit and of the agreement. They accepted and paid drafts which, on their face, purported to be drawn against "bales of hemp," and were accompanied by bills of lading, filled up for "bales of merchandise," "weight and contents unknown," and by letters of advice for "bales of hemp." No mention is made in those documents, which were the warrants for the acceptance of drafts, of the kind of hemp or merchandise. The indorsement of an abstract of the invoice was made by Vogel & Co., the shippers, and amounted merely to their own representation. This fact appellants concede, and also that the indorsement was made after the captain had signed and delivered the bills of lading, and without his knowledge and consent. The general expression, in the drafts and bills of lading, of "hemp" or "merchandise," in no respect met the requirements of the credit. They include the article which defendants agreed to advance against, as the greater always does the less. But that was not enough; the article itself was not stated, which was the subject of the arrangements entered into in providing for a financial credit. It is quite obvious that, had plaintiff's agents followed the instructions of the cable credit, no loss could have happened, and Vogel & Co. would not have been enabled to carry out their fraudulent scheme. It cannot be pretended that Vogel & Co. exercised any authority, under the cable credit, to draw upon plaintiff; for the authority therein contained was predicated upon the drafts being accompanied by full sets of bills of lading of 2,500 bales of Manila hemp, and other documents evidencing

such a shipment. In *Woods v. Thiedemann*, 1 Hurl. & C. 478, cited by the appellants, the bill of lading accompanying the draft was a forgery. It was held that the acceptors need only look to the bills of lading, and that they did not take the risk of their genuineness. That, at most, would only be authority for the proposition that if Vogel & Co. had forged bills of lading, as called for in the telegraphic credit, defendants would be bound as between themselves and the plaintiff. The case of *Bank v. Griswold*, 72 N. Y. 472, was unlike the present one. There the defendant had empowered his agent to draw upon him for the purchase of lumber. The writing which he gave to that effect was in the nature of an instruction to the agent, and parties were warranted in relying upon the agent's representations that his drafts were in the course of his principal's business. But in the present case the defendants' agreement was simply to provide for all the acceptances, by the plaintiff, of drafts of a certain description, accompanied by vouchers evidencing the application of the drafts to a specified purpose. There was no arrangement for the advance, through the plaintiff, of moneys to Vogel & Co. to buy hemp generally, or any merchandise, in Vogel & Co.'s discretion, as agents of defendants.

The principle is urged by the appellants that all commercial instruments are to be liberally interpreted, so as to protect persons who give credit on the faith of them. (*Lawrence v. McCalmont*, 2 How. 449; *Gates v. McKee*, 13 N. Y. 235; *Bank v. Myles*, 73 N. Y. 341.) But that principle only applies where the provisions of an agreement are ambiguous, loose, or susceptible of more than one fair interpretation, and we do not think that is the case here. We do not see the force in the argument that no other bill of lading could be demanded than was given here. The master of a ship is the general agent of the owners to perform all things relating to the usual employment of his ship, and, among other things, to sign bills of lading for goods put on board, and acknowledge the nature, quality, and condition of the goods. 1 Pars. Cont. (5th Ed.) 45. That was possible to be done in this case; for a bale of Manila hemp is not covered, as the trial court found on the evidence, and the shipper might have procured a bill of lading which would have indicated the kind of hemp put on board the ship. But, whether the master could be compelled or not to identify, in the bill of lading, the merchandise shipped as Manila hemp, that fact cannot control the disposition of this case. The agreement of the parties called for a particular statement in the bill of lading to accompany the drafts; and that statement, or the existence of facts which would have authorized it, is a condition precedent to defendants' responsibility to respond to plaintiff's demand. To further consider the elaborate argument of the able counsel for the appellants is unnecessary. The views I have expressed lead to an affirmation of the judgment appealed from.

All concur.

PAYMENT OF CHECK ON FRAUDULENT INDORSEMENT.

NEW YORK SUPREME COURT.

Citizens' Nat. Bank v. Importers and Traders' Nat. Bank.

Where a payee of a check specially indorses the same, and the indorsements are fraudulently erased, and other payees substituted payment to the substituted payees will not avail in an action on the checks by the drawer against the bank, on the ground that because the title to a check can pass without indorsement, possession is evidence of title, without showing that the indorsers had transferred their title to somebody else.

In an action by the drawer of certain checks against the drawee, where a clerk of the payees, having authority to indorse the checks for business purposes, fraudulently indorses them for other purposes, no arrangement between the payees and the clerk can avail defendant, the right of action of the drawer arising upon the refusal of the drawee to pay the checks to the rightful holder, and defendant has nothing to do with what afterwards became of the checks.

An indorsement in such case to persons who did not know that the clerk ever had authority to indorse for any purpose, conveys no title.

VAN BRUNT, P. J.—Most of the questions which are presented upon this appeal were determined in favor of the plaintiff when this case came up on a previous appeal before this court from a judgment entered in favor of the defendant upon a dismissal of the plaintiff's complaint; and it is not necessary here to reconsider the questions which were then settled in favor of the plaintiff. The report of the case is to be found in 44 Hun. 386. Upon that appeal it was determined that, while a check drawn by a drawer against a bank account does not operate as an assignment of so much of the account, it authorizes the payee, or one to whom he has indorsed and delivered it, to make a demand; and the refusal of the bank to pay on presentation gives the drawer a right of action in case he has funds in bank to meet the check, and the refusal was without his authority. This right of action exists entirely independent of what the relations are as between the drawer and payee of the check. It is not necessary, in order that this right of action shall arise, that the drawer shall take back the check from the payee's hands, because the action is not upon the check, but upon the breach of the contract entered into between the depositor and the depository. Such being the case, the defendant became liable to the drawer when presentation was made by the lawful holder of those checks, and payment thereof refused for the amount of each check; and it is entirely immaterial, as far as this cause of action is concerned, as to whether the drawer has reimbursed the drawee or not. (*Rector, etc., v. Higgins*, 48 N. Y. 532.)

The only points which seem to be presented upon this appeal which differ from those which were considered when the case was before the court upon the previous appeal, are the fact that the defendant has paid the amount of these checks to the Fourth National Bank, who had possession of the same, and the exception raised by the refusal of proof as to the arrangements between the drawers of the checks and Mr. Bennett, who, it was claimed, had fraudulently forged indorsements upon the checks. In order to entitle the defendant to justify its refusal upon the plea of payment, it was incumbent upon it to show that the person to whom payment was made was authorized to receive payment; the more especially as in the case at bar there had been fraudulent alterations which absolutely vitiated, as far as the conveyance of any

title to the check was concerned, the indorsement made by Wadsworth & Co., the payees of the checks. Wadsworth & Co., as far as all except two of the checks were concerned, had made special indorsements of the checks. These indorsements had been erased fraudulently by their clerk, and the names of other payees substituted, and it was through these indorsements thus fraudulently made that the check passed into the possession of the Fourth National Bank. Under these circumstances, the claim that because the title to a check can be passed by delivery without indorsement mere possession is evidence of title, cannot prevail; something else must be proved on the part of the party justifying the payment. Wadsworth & Co. having shown that these checks were specially indorsed, the defendant could justify their payment only by showing that the indorsers had transferred their title to somebody else. This the proof utterly fails to show. As to the checks that were indorsed by Bennett in the names of Wadsworth & Co., it is sufficient to say that these indorsements conveyed no title, because Bennett had no authority to make them. His authority was limited. It was to indorse checks for business purposes; and there is no claim that these checks were indorsed in Wadsworth & Co.'s presence, or that any person who received any one of these checks, after they had been indorsed by Wadsworth & Co., ever knew that Bennett had any authority whatever under any circumstances to make indorsements, and consequently could not have relied upon the same. They must, therefore, claim title upon showing strict right in Bennett to use the name of Wadsworth & Co. This they did not do. It was shown that these checks were not indorsed by Bennett for any business purposes of Wadsworth & Co., and consequently he had no power to make the indorsement by which he assumed to convey the title to those checks. The condition of the accounts, or the arrangement between Bennett and Wadsworth & Co., after the discovery of the forgeries which he had perpetrated upon them, was of no consequence to the defendant whatever. The plaintiff might enter into an investigation of those circumstances, perhaps, when Wadsworth & Co. made their claim to the amount of these checks; but the right of action of the plaintiff against the defendant arose at the moment that payment to the true holder was refused, and as to what subsequently became of these drafts the defendant had nothing whatever to do. There is no question as to the good faith of the defendant company in its refusal to pay the checks upon the second presentation. But the legal rights of the parties were thereby established. The checks were presented by the true owners thereof, they never having parted with their title to the persons through whom the Fourth National Bank derived possession thereof. The defendant, having paid these checks to the Fourth National Bank, if that bank had no title whatever to the possession thereof, has its remedy against the receiver of the money. We are of opinion, therefore, that the judgment appealed from must be affirmed with costs.

Bartlett and Daniels, JJ., concur.

PAYMENT OF DEPOSIT TO A FOREIGN ADMINISTRATOR.

SUPREME COURT OF NEW YORK.

Schluter, as administratrix, v. Bowers Savings Bank.

A payment made by a domestic debtor, *e. g.*, a domestic savings bank, to a foreign administrator, even though voluntary, is valid in the absence of any intervening right or equity.

BRADY, J.—In the opinion rendered on the appeal herein it was stated that the payment made by the defendant of the fund in controversy was made to the administrator of the interstate depositor appointed by the Surrogate of Hudson County, N. J., on production of the pass-book and letters of administration, and letters testamentary, also, issued to him by the Surrogate of this county. The last statement was incorrect, inasmuch as the administrator named had not received letters testamentary; and a re-argument was ordered for that reason. The erroneous statement being withdrawn, the result must nevertheless be the same, inasmuch as it is well settled that a payment made by a domestic debtor to a foreign administrator, even though voluntary, is valid, in the absence of any intervening equity or right. (*Parsons v. Lyman*, 20 N. Y. 112, reaffirmed in *Wuesthoff v. Insurance Co.*, 107 N. Y. 580.) The payment was made upon the demand by a person authorized to receive it; and, as we have seen from the authorities cited in the former opinion, the defendant would not have been justified in refusing to pay upon the demand made, for the reason that no defense was apparent. If this view be incorrect, however, the plaintiff is still remediless in this action, for it appears that the depositor left a will by which Charles Sier was nominated as her executor, who received letters testamentary on its probate in this county, which took place on November 17, 1875, nearly one month after the payment by the defendant to the foreign administrator. If the trust created by the deposit did not devolve on the administrator by reason of his foreign appointment—as to which, *quære*—it did on the executor; and he demanded the money from the defendant within a few days after his appointment, although it was subsequent to the payment mentioned. If that payment should be held to have been erroneously made to the administrator—which is not conceded—then the executor, having been appointed in this State, and the fund being here, is the legal representative of the depositor, upon whom the trust devolved (*Boone v. Bank*, 84 N. Y. 83.), and duly authorized, therefore, to obtain the fund in dispute by proper proceedings for that purpose. In all points of view, therefore, the conclusion heretofore arrived at is correct and must be sustained. Ordered accordingly.

DANIELS, J. (concurring).—At the common law, as it was held in this State prior to the Act of 1882, a trust in personal property devolved upon the personal representative on the decease of a sole trustee. (*De Peyster v. Ferrers*, 11 Paige 13.) And as the laws of the State of New Jersey have not been shown to be different, the presumption is that it was the same there, at the time of the transactions presented in this case. In 1872 or 1873 the depositor and trustee of the money in suit went with her husband and their infant daughter, the beneficiary named in the deposit account, to reside in the county of Hudson and

State of New Jersey, and they all continued to reside there until the decease of the mother and trustee. The Probate Court of that county accordingly had jurisdiction over the estate of the deceased trustee, and when letters of administration were issued by it to the surviving husband that vested him with the same trust for the benefit of his infant daughter. And although, as a foreign administrator, he could not, in this State, sue for and collect the money from the defendant, a voluntary payment to him by the bank was lawful. The bank owed that sum of money to the trustee, and to the administrator after her decease; and his appointment, and the payment to him on the faith of his letters, has the sanction of the authorities in this State. (*Parsons v. Lyman*, 20 N. Y. 103; *Middlebrook v. Bank*, 3 Abb. Dec. 295.) And as the letters of administration were in force at the time of that payment, it discharged the bank, and the judgment should be affirmed.

Van Brunt, P. J., concurs.

RATIFICATION OF PRESIDENT'S ACT.

UNITED STATES CIRCUIT COURT, E. D. MISSOURI.

Belleville Savings Bank v. Winslow.

In consideration of the relinquishment of bonds held as collateral, a transfer of stock, and a cash payment, a bank president executed a release to a debtor of the bank, informing him that the directors had not then assented thereto. The directors afterwards authorized the president and discount committee to compromise the debt, and later rejected the compromise; but no notice of either action was given to the debtor. The bank afterwards sold the bonds without notice to the debtor, and collected dividends on the stock, for which and for the cash payment it made certificates of deposit in favor of the debtor and his wife, but retained them, and the debtor had no knowledge of them. These transactions extended over a period of seven years. *Held*, that the release was ratified.

THAYER, J.—This is an action on a judgment recovered against the defendant in the Circuit Court of the United States for the Southern District of Illinois on the 23d of February, 1877, in the sum of \$24,600. The point has been made by the defendant that the court which rendered the judgment sued on had no jurisdiction of the case, and that the judgment, on that account, is void. On the other hand, it is claimed that the jurisdiction of the Circuit Court of the United States for the Southern District of Illinois to render the judgment was upheld in *Bank v. Calhoun*, 102 U. S. 256. I have not found it necessary to determine the jurisdictional question so raised, as, according to the view I have taken of the case, the judgment sued upon, whether valid or invalid, has been released by the judgment creditor. For the information of counsel, it will suffice to say that I predicate my decision on the following findings of fact:

"On August 29, 1878, the defendant, being then indebted to the plaintiff in the sum of about \$30,000, consisting of the judgment now sued upon and a note for \$4,000, through his attorney, Mr. Hamill, proposed to compromise the debt by relinquishing to the plaintiff all the collateral then held by it as security for the debt, consisting of bonds of the St. Louis & S. E. R. R., of the par value of \$48,000, and, in addition, to transfer to the plaintiff six and one-half shares of the stock of the Belleville Building and Loan Association, and to pay plaintiff the sum of

\$350 in cash. Plaintiff's president (Mr. Abend), to whom the proposition was made, unquestionably assented to the proposition, and executed a release of the indebtedness in the name of the bank, and accepted a transfer of the six and one-half shares of stock and the sum of \$350 in cash. I have no doubt, however, that, at the time of accepting the offer and executing the release, he informed defendant's attorney that the board of directors had not as yet assented to the compromise, and that he was acting on his own responsibility, without the formal assent of the board. Subsequently, on September 4, 1878, the board of directors, by resolution, authorized the president and discount committee to compromise the debt on the best terms obtainable, and later still, on November 8, 1878, the board passed another resolution rejecting the proposed compromise. Neither of these resolutions, however, appears to have been communicated to the defendant; nor was the stock in the building and loan association, or the cash payment of \$350, ever returned to the defendant, or tendered to him before the day of trial. Some time after the delivery of the release and receipt of the sum of \$350, the plaintiff made out a certificate of deposit in favor of the defendant for the sum of \$350, retaining the same, however, in its possession. It also collected dividends on the building company's stock in the sum of \$195, and made out a certificate of deposit for that amount in favor of defendant's wife, which it also retained. Neither of these certificates was tendered to the defendant before the day of trial, and the evidence fails to show that the defendant was ever notified that such certificates had been executed, or that the bank held any money for his or his wife's account. The bank afterwards sold all of the bonds of the St. Louis & S. E. R. R., originally deposited with it as collateral to secure the indebtedness, at the price of 12½ cents on the dollar of their par value, and made such sale without notice to the defendant. In the year 1884, the plaintiff was made a party to a proceeding to liquidate the affairs of the building and loan association; and, although duly served with process as a stockholder of the association, it suffered the decree to go against it as one of the defendants, which ascertained and found, among other things, that plaintiff was the owner of six and one-half shares of stock in the association, acquired by purchase from defendant's wife on August 29, 1878."

The foregoing facts are practically conceded, with the single exception that there is some controversy as to whether the relinquishment by defendant of all his interest in the bonds held by the bank as collateral to secure the indebtedness formed a part of the consideration for the release executed by its president. Mr. Abend's recollection, as to this point, does not seem to be very clear or reliable. On the other hand, defendant's testimony with reference to that matter, the situation of the parties at the time the compromise was proposed, and the manner in which the bank subsequently dealt with those securities as if they were its own property, together warrant the conclusion that defendant did propose to surrender his interest in the collateral, to transfer to the bank six and one-half shares of stock in the building association, and to pay \$350 in cash, on condition that the indebtedness was released. The alternative presented to the bank, if this proposition was not accepted, was that the defendant would seek a discharge from his debts under the bankruptcy act. The president of the bank admits that one reason that induced him to sign the release was that he did not want the bank "dragged into court" as a party to bankrupt proceedings. It is a fair conclusion, I think, from all the testimony, that a proposition to compromise the indebtedness for the consideration last above stated was

made to Mr. Abend, and that he accepted the same on the part of the bank, believing, no doubt, that it was the best course to pursue under the circumstances, and that the board of directors would ratify his action.

The act of the president of the corporation in executing the release would, no doubt, bind the corporation as an act within the scope of his apparent power, although the corporate seal was not attached to the release, but for the fact that notice was given to the defendant's attorney, at the time the release was signed, that the board of directors had not given their assent to the same. Such seems to be the law in Illinois, where the release was executed. (*Ryan v. Dunlap*, 17 Ill. 40; *Railroad Co. v. Coleman*, 18 Ill. 297; *Sawyer v. Cox*, 63 Ill. 130; *Wood v. Whelen*, 93 Ill. 153; *Smith v. Smith*, 62 Ill. 493.)

Does the fact, then, that defendant was notified, when the release was signed, that the compromise agreement had not been approved by the board, and that its approval was necessary, affect the validity of the release, in view of the subsequent action of the corporation as above recited? This question must be answered in the negative. In the first place, by selling the collateral bonds, and appropriating the proceeds, without notifying the defendant of its action, as well as by collecting and appropriating the dividends on the building company's stock, the corporation effectually ratified the compromise agreement made by its president. It could not appropriate the consideration paid by the defendant for the release of the indebtedness in the manner stated, without assenting to the release. The device adopted of making out certificates of deposit for the amount of the dividend collected on the stock, as well as for the cash payment of \$350 made when the release was signed, does not alter the legal effect of what was done, for the reason that defendant was not consulted, and does not appear to have had any knowledge of the existence of the certificates until the day of trial. The stock having been delivered, and the money having been paid to obtain a release, it is obvious that the bank had no right to retain the consideration, and deal with it in the manner shown, unless it ratified the release. It certainly had no right to constitute itself an agent of the defendant to collect dividends on the stock, and hold the same for his account, or to issue a certificate therefor in the name of his wife; and its attempt to assume that relation, without authority from the defendant, puts it in no better position than it would have occupied if certificates of deposit had not been executed. Its plain duty was to restore the stock, and refund the money which had been paid as the consideration for the release, or, at least, to have made a tender of the money and stock when the compromise was rejected. As the bank gave the defendant no notice that its board had rejected the offer of compromise, and in the meantime, for a period of nearly seven years, dealt with the consideration as its own, merely adopting the thin disguise of making out certificates of deposit to represent moneys received, which it did not even tender to the defendant, it must be held that by its acts it has as effectually ratified the agreement made by its president as it could have done by a formal resolution of its board of directors. Judgment is accordingly entered for the defendant.

LEGAL MISCELLANY.

BILLS AND NOTES—ILLEGALITY—BONA FIDE HOLDER.—A negotiable note, void at common law for illegality, but not contravening any statute, is valid in the hands of a holder for value receiving it in the course of business before maturity without knowledge of the illegality, although he may have had reason to believe it was given for an illegal consideration. [*Davis v. Seeley*, S. C. Mich.]

BILLS AND NOTES—INTEREST—PAYMENT.—Where a note, bearing interest after maturity, is payable generally in a city, and neither party has an office or place of business there, if the payee uses due diligence to find the note and pay it, he will not be chargeable with interest, though he did not pay it on the day it fell due. [*Ansel v. Olson*, S. C. Kan.]

BONDS—COUNTY—PURCHASERS.—Negotiable county bonds cannot be impeached in the hands of an innocent purchaser for value on account of irregularities in calling and holding the election to authorize their issue. [*State v. Hordey*, S. C. Kan.]

PROMISSORY NOTE—CONSIDERATION—FORBEARANCE.—It is not a sufficient consideration for a note that the plaintiff had forbore to prosecute a suit upon a claim which had never been presented against an administrator, and which exceeded the jurisdiction of the justice before whom the suit was brought. [*Von Brandenstein v. Ebensberger*, S. C. Tex.]

BANKS—NATIONAL—INSOLVENCY—CLAIMS.—A creditor of an insolvent national bank, whose demand grows out of a fraud perpetrated by the officers of the bank in pursuance of a design to wreck the corporation, is not entitled thereby to a preference over the general creditors. [*Citizens National Bank v. Dowd*, U. S. C. C. N. C.]

BANKS AND BANKING—CREDIT—ESTOPPEL.—When a bank has received money on deposit and credited the depositor with it, it is estopped from asserting that the money belongs to anyone else. [*Citizens Bank v. Alexander*, S. C. Penn.]

BANKS AND BANKING—PRINCIPAL AND AGENT—GUARANTY.—Circumstances stated under which the holder of a draft who yields to the recommendation by its drawer of the agent to whom its collection may be intrusted has no recourse upon the drawer, although he guaranteed that the business would be properly transacted by the agent. [*First National Bank v. Cadwallader*, S. C. Penn.]

BILLS AND NOTES—ASSIGNMENT—ACTION.—In an action on a note by an assignee thereof, defendant cannot set up that the assignment was obtained by fraudulent devices. The title is good as between the parties until set aside by proceedings instituted for that purpose. [*Lehman v. Clark*, S. C. Ala.]

BILLS AND NOTES—INDORSERS—DISCHARGE.—The payee of a negotiable note indorsed it in blank, as did subsequent holders. The holder of the note released the payee: *Held*, that the subsequent indorsers are discharged. [*Brewer v. Boynton*, S. C. Mich.]

USURY—CONSIDERATION.—Circumstances stated under which it was held that a contract was not usurious, because past acts form a good consideration for present promises. [*Appeal of Trine*, S. C. Penn.]

BANKS — ASSUMPTION OF LIABILITIES — SETTLEMENT.—Bank A bought up the assets and assumed the liabilities of bank B. The latter bank had issued to depositors certificates calling for national bonds, which were to be redeemed at their face value plus the premium on bonds. It was a scheme to escape taxation; *Held*, that the stockholders of bank B could not complain because bank A redeemed the certificates according to their terms. [*Mason v. Farmers, etc. Bank*, S. C. Iowa.]

BILLS AND NOTES—ACTIONS—CONSIDERATION.—A gave a note to his attorneys as a retainer in a prosecution against him. Before trial he was killed by a mob: *Held*, that in an action thereon against his administrator the latter might show a partial failure of consideration. [*Agnew v. Walden*, S. C. Ala.]

CONTRACTS—RESTRAINT OF TRADE.—Where stockholders agree to place their stock for three years in the hands of trustees with power to vote the same at stockholders' meetings, the stock only to be sold subject to such agreement, equity will not enforce the contract. [*Moses v. Scott*, S. C. Ala.]

CORPORATION—STOCK—SUBSCRIPTION.—Where one subscribes for stock in a corporation and afterwards withdraws his subscription before the corporation is organized or a charter applied for, he is not responsible for the stock, although he had persuaded others to subscribe. [*Muncy, etc. Co. v. De La Green*, S. C. Penn.]

NEGOTIABLE PAPER—NOTICE—PROTEST.—Where a notice of protest was mailed to a messenger on January 11, received by him the next day and dropped in the postal box addressed to the indorser, who lived in the same town, on the same day: *Held*, that in a suit against the indorser the court properly directed a verdict for the defendant. [*Cassidy v. Kramer*, S. C. Penn.]

USURY—DEED—EQUITABLE MORTGAGE.—A deed infected with usury, whether made under the act of 1871 or under the general law, is void as title, and cannot take effect as an equitable mortgage. [*McLaren v. Clark*, S. C. Ga.]

USURY—FORFEITURE.—The forfeiture by statute for taking usury is complete as soon as the usury is paid, whether in cash or by substituting the note of a third person, equivalent to cash. [*Jackson v. Garner*, S. C. Ga.]

USURY—JURY.—Where a party advanced money to another, for which he was to receive 8 per cent. interest, and the borrower was to ship him 300 bales of cotton by a given day, paying charges thereon at certain rates, including commissions, and in case of failure to ship to pay \$1.50 per bale for each bale deficient: *Held*, that it was for the jury to decide whether this was an honest contract or a mere cover for usury. [*Callaway v. Butler*, S. C. Ga.]

BANKS—PRESIDENT — RATIFICATION—ACQUIESCENCE.—An acquiescence for a period of seven years in an unapproved release of a debtor of a bank by its president: *Held*, to be a ratification of such release. [*Belleville Savings Bank v. Winslow*, U. S. C. C. Mo.]

NEGOTIABLE PAPER — INDORSEMENT — EVIDENCE.—An indorsement upon a note, though not in the handwriting of the payor, is some evidence of payment, and may be weighed in determining whether a payment in fact had been made. [*Lawrence v. Graves' Estate*, S. C. Va.]

USURY—MORTGAGE.—Under Georgia law, a mortgage made to secure a debt infected with usury is not void. [*Hodge v. Brown*, S. C. Ga.]

USURY—AGENT'S COMMISSIONS.—When the lender neither takes nor contracts to take anything beyond lawful interest the loan is not made usurious by what the borrower does in procuring the loan or using its proceeds, such as paying an intermediary for his services. [*Merck v. American, etc. Co., S. C. Ga.*]

CONTRACT—CONSIDERATION.—Where plaintiff was the holder of two notes executed without consideration by the defendant and agreed to extend the time payment upon the first of the notes: *Held*, that defendant was liable on both notes. [*Brown v. First National Bank, S. C. Ind.*]

NEGOTIABLE INSTRUMENT—INDORSEMENT.—Indorsement of a note by a third person before delivery to the payee, though *prima facie* evidence of a guaranty, may be shown to have been made with intent to assume the liability merely of an indorser. [*De Witt, etc. Co. v. Nixon, S. C. Ill.*]

PRINCIPAL AND AGENT—APPARENT AUTHORITY.—A on two occasions indorsed the drafts of B's traveling salesman on B, which drafts were paid. A indorsed a third draft, which the salesman said was, as were the others, for his expenses. A was not aware that the salesman had been discharged: *Held*, that A, having been compelled to pay the draft, could not recover from B. [*Groneweg v. Kusworm, S. C. Iowa.*]

PRINCIPAL AND SURETY—DISCHARGE OF SURETY—REMOVAL OF NOTE.—The sureties on a note who are not discharged, because the creditor twice accepted in renewal from the principal notes with forged names of other sureties thereon, and surrendered the original note in ignorance of the forgery, no bad faith or negligence on the part of the creditor being shown. [*First National Bank v. Buchanan, S. C. Tenn.*]

ECONOMIC NOTES.

THE PROSPERITY OF FRANCE.

The *Nation* gives portions of a recent letter by M. Paul Leroy-Beaulieu, in which it is claimed that a revival of business is in progress in France despite the depression of agriculture. "He sees evidence for this opinion in the gradually improving dividends of the finance, industrial and navigation companies and the railroads, and in the gradually increasing yield of the general taxes and the octroi of Paris. The drawbacks to French prosperity are protectionism, political uncertainty, the apprehension of war, and the Panama Canal. 'Without exaggeration,' he says, 'it is plain that all the symptoms, or nearly all, show a tendency to a sure revival of business. We see only two classes of adverse facts. On the one side, France is committing the folly, under the instigation of the ruling powers, of plunging deeper and deeper into the ruinous enterprise of Panama, which will swallow all the savings put into it without any return whatever. On the other side, politics does not seem to grow more reassuring. If we could oblige our radicals to give a little social peace to the country, to stop their agitations, their pretended reforms and disturbing intrigues, if they could be induced to put our budget in equilibrium simply by economies that are not impossible, we should see the revival accentuated and unfolded; even the agricultural distress, grave as it is, lessened; and the country return to that prosperity which its many resources seem to make its normal condition.'"

GOLD AND SILVER MINES OF BOLIVAR.

In addition to being a rich agricultural and forest region, the department of Bolivar, U. S. Colombia, is destined to become famous for its mines of gold and silver. A number of mines that were worked by the Spaniards, and of which all traces were lost, are being rediscovered in various parts of the department, notably in the district of Morales, near the town of Simiti, the extreme southern part of Bolivar. Many quartz mines are worked in this district, but in the most primitive style, the natives using huge wooden mortars and pestles. Some of the richest mines are located near the town of Simiti, in Morales, a place that has already 3,000 inhabitants, and, in view of the recent discoveries, is rapidly increasing. The mines of Simiti were worked by the Spaniards as early as 1764, and according to authentic history yielded rich returns. Among the most notable of these mines is one called Bijao. It is situated only five miles from Simiti. This quartz mine is destined to again become famous, its present owners being an enterprising corporation who are now engaged in making roads, building bridges and houses to facilitate the development of the property. Altogether, quite a number of mines have been located in this section, and a large amount of capital has been invested by Americans in their acquisition and operation. Simiti is about 300 miles distant from the ports of Carahagena or Barranquilla. A steamer can be taken from either of these ports to Bodega Central on the Magdalena River. From there a transfer is made to a smaller steamer which employs about six hours between Bodega Central and Simiti. The fare is about \$50 from this port to Simiti. Quite a number of prospectors and mining engineers have recently arrived from New York and gone to Simiti.

RUSSIAN GRAIN BANKS.

The Russian Government has long viewed with alarm the falling value of grain, which is the chief wealth of the empire of the Czar. Various remedies have been proposed, and the Minister of Agriculture has, we believe, set more than one commission to consider how the Russian grain trade might be revived. At length, after two or three years of consideration, a "ukase," or imperial decree, has been issued, which practically converts the railway companies of the country into so many banks. By this decree all railway companies receiving grain for storage or transport are authorized to lend on the credit of the State Bank any sum not exceeding 60 per cent. of the value of such grain, the value being estimated according to the prices obtaining in the nearest grain market. The rate of interest will be fixed by the State Bank, and will presumably be very moderate; but to this interest is to be added a small percentage to defray the cost of storage and other expenses, as well as a commission to those servants of the railway who may be instrumental in getting business for their company. The object of this measure is to take the peasantry and smaller farmers out of the grip of the money-lenders, who, in many parts of Russia, buy the crops before they are gathered. The effect of this usury is said to be to glut the market, and to lower prices below their natural level, and it is hoped that these State loans will enable many agriculturists to hold on to their stocks and realize better prices in the end. It may be feared, however, that this beneficent intention will hardly be realized. In the first place, the respite which the State loans—for the railways will be the agents of the State Bank—will afford the grower is but short (it will not exceed six months in any case), and as it is understood that the State will reserve power to sell off whenever a fall in the market may threaten to depre-

ciate its security, it is only too likely that a heaping up of stock at the railway stations may lead to a weak market being overwhelmed with a deluge of sacrificed stock, and then the last state of the Russian agriculturist will be worse than his first.—*London Miller.*

THE FRENCH DEBT.

A recent article in the *Economiste Français* on the public debt of France, by M. René Stourm, has attracted universal attention. The most usual estimate of the capital of the debt is said to be \$6,400,000,000. The most moderate estimates place it a few millions lower. M. Paul Leroy-Beaulieu figures it at \$6,343,573,630. The result of M. Stourm's computation is a total of \$5,902,800,000, with the qualification, however, that he has omitted \$432,000,000 of life annuities, which other economists have treated as part of the capital debt. The annual charge for interest and sinking fund on the entire debt, including the life annuities, is \$258,167,083. Of the funded debt, \$2,900,000,000 are perpetual 3 per cents, \$1,357,600,000 perpetual 4½ per cents, and \$967,906,200 redeemable bonds of various descriptions. Annuities to divers companies and corporations, of \$477,400,000, and \$200,000,000 of floating debt, make up the balance of M. Stourm's total. This is by far the heaviest burden borne by any nation on the globe. The nearest approach to it is the debt of Russia, which is stated at \$3,605,600,000. England is next, with \$3,565,800,000, and Italy next, with \$2,226,200,000. The debt of Austria is \$1,857,600,000, and of Hungary \$635,600,000. Spain owes \$1,208,400,000, and Prussia \$962,800,000. These are the figures of M. Stourm. None of these nations, excepting England and Prussia, raises sufficient revenue to guarantee a permanent equilibrium of the budget, but France is the most heavily burdened of them all, and the increase of her debt has been the most rapid in the recent past, and is the most threatening for the future.

HISTORY OF WHEAT CORNERS.

The St. Louis *Globe-Democrat* furnishes the following: "A history of old 'corner' days may be of some interest during the present exciting time, especially to many traders, who, new on the floor, have never witnessed such maneuvers as some of the renowned and historical 'squeezes' of by-gone days. The first corner in wheat was in 1867, by Parker, Culton & Sprague, on May 18 of that year. Prices reached \$2.85 for No. 2 spring, and the market then was in a few hands and the condition without precedent, but declined to and closed at \$2.16. In August, 1871, William Young & Co. ran a corner during the first half of the month, and the prices advanced from 99½c. to \$1.20, but declined to \$1.14. During the latter part of the month another attempt was made, but the combination, after advancing the price from \$1.02½ to \$1.30, sold out on the last day, and the closing price was \$1.10½. The next corner was the famous John B. Lyon deal, also in August. Prices were advanced to \$1.61, that price being reached on the 16th, and held above \$1.48 through the 19th, but on the following day collapsed, selling off to \$1.10, and closed at \$1.19. In 1878 a bobtailed corner was run in May, the price being held the entire month at \$1.12 to \$1.19, and closed at \$1.14. James R. Keene ran his famous deal in August, 1881, through J. K. Fisher & Co. and W. T. Baker & Co. They bid the price up from \$1.19 to \$1.38, and closing prices were at the latter figure. At the same time they had to take more cash wheat than they were able to work off in a year. The year of 1882 was a memorable one for 'corners,' in which Armour was the leader. One was run in April, when prices ruled within

\$1.32 to \$1.42 the entire month, and closed at \$1.42, though \$1.31 was fixed by a committee as the settling price. In June another 'corner' was run, and prices held within the range of \$1.25 to \$1.35½, and closed at \$1.35. In July the third 'corner' was run, prices that month ranging at \$1.26 to \$1.36, and closed at \$1.36. In September another and fourth 'corner' was run, with prices ranging from 97c. to \$1.08, and closed at \$1.08. A curious fact in connection with these 'corners' was that each one was run within a 10c. range, showing that there must have been some systematic and arithmetical ciphering to bring about such uniform results. This was the last year of a successful 'corner' previous to the one just ended. It was at this time that the proposition to change the rules making both spring and winter wheat deliverable upon the contract was adopted, and went into effect June 1. Previous to that the speculative grade was No. 2 spring, and spring wheat only was deliverable on such contracts. The Harper deal in June, 1887, is still fresh in the minds of everybody. The Cincinnati bid the price up from 80¼c. to 94¼c., but, owing to the avalanche of cash wheat, they went broke on the 14th, and with a loss of about \$4,000,000."

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:		Nov. 5.	Nov. 12.	Nov. 19.	Nov. 26.
Discounts	5¼ @ 6½ ..	5¼ @ 6½ ..	5¼ @ 6 ..	5¼ @ 6 ..	5¼ @ 6½
Call Loans.....	2½ @ 2 ..	2½ @ 2 ..	4 @ 2 ..	2½ @ 2 ..	2½ @ 2
Treasury balances, coin.....		\$156,874,905	\$156,066,436	\$156,592,205	\$155,862,017
Do. do. currency.....		15,576,812	15,225,855	14,653,957	15,327,387

The reports of the New York Clearing-house returns compare as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Nov. 3..	\$394,410,900	\$90,063,100	\$28,114,000	\$417,787,400	\$6,365,800	\$13,730,250
" 10..	393,974,100	88,582,400	26,700,900	414,902,800	5,322,300	11,557,600
" 17..	392,990,800	87,293,500	27,935,800	414,550,000	5,317,900	11,591,800
" 24..	390,814,000	87,471,300	27,875,500	412,139,300	5,343,000	12,311,875
Dec 1..	391,404,200	82,598,300	29,518,700	408,161,800	5,337,300	10,076,550

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Nov. 3.....	151,396,300	10,657,900	4,059,700	128,148,400	5,113,900
" 10.....	151,160,900	10,840,500	4,261,100	128,897,200	4,658,800
" 17.....	150,526,900	10,407,600	4,356,700	128,795,600	4,356,700
" 24.....	149,693,400	10,036,700	3,889,500	125,726,300	4,661,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1888.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 3.....	\$95,526,000	\$24,493,200	\$94,361,000	\$2,634,750
" 10.....	95,017,000	24,667,200	94,768,500	2,300,000
" 17.....	94,341,000	24,381,000	93,567,000	2,299,560
" 24.....	93,879,000	24,704,000	93,566,000	2,299,760

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

LIABILITY OF COLLECTING BANK FOR ACTS OF SUB-AGENT.

When an out-town item has been discounted by the depository, what is its liability for loss occasioned by the insolvency or other detrimental act or acts of the bank or person to whom the item has been sent for collection and returns?

REPLY.—It may be remarked at the outset that the discounting of the item by the depository does not affect its liability for the conduct of the sub-agent to whom it is sent for collection. If this statement be true, the question is purely one of the liability of a bank which has received a note, check, or other instrument for collection, for the conduct of its sub-agent. It is well known that among the States two rules prevail. In New York, New Jersey, Pennsylvania, Ohio, Indiana, Michigan, and England, the depository is responsible for the negligence of the sub-agent. The rule was thus formally stated by the highest court in New York in 1839. "Resolved, that when a bank or broker, or other money dealer, receives upon a good consideration a note or bill for collection in the place where such bank, broker, or dealer carries on business, or at a distant place, the party receiving the same for collection is liable for the neglect, omission, or other misconduct of the bank or agent to whom the note or bill is sent, either in negotiation, collection, or paying over the money, by which the money is lost or other injury sustained by the owner of the note or bill, unless there be some agreement to the contrary, express or implied." (*Allen v. Merchants' Bank*, 22 Wend., p. 244.)

The other rule has been thus stated by Chief Justice Shaw: "When a note is deposited with a bank for collection, which is payable at another place, the whole duty of the bank so receiving the note in the first instance is seasonably to transmit the same to a suitable bank or other agent for payment. And as a part of the same doctrine, it is well settled that if the acceptor of a bill or promissor of a note has his residence in another place, it shall be presumed to have been intended and understood between the depositor for collection and the bank that it was to be transmitted to the place of the residence of the promissor, and the same rule shall then apply as if on the face of the note it was payable at that place." (*Fabens v. Mercantile Bank*, 23 Pick., p. 332.) And this rule thus stated by the Supreme Court of Massachusetts has been followed in the States of Connecticut, Maryland, Missouri, Illinois, Tennessee, Iowa, Wisconsin, Kansas, and Mississippi.

The former rule has been adopted by the United States Supreme Court (*Exchange National Bank v. Third National Bank*, 112 U. S. 276), and determines the liability of national banking associations everywhere. But it is not binding on State banks; their liability is unchanged. In the first group of States, the New York rule still determines the liability of State

banks; in the second group, the Massachusetts rule is still in force among similar institutions. As this question comes from a national bank, the federal rule must be applied to it.

A qualification to the first rule has been made in New York which is worth stating. When a bank receives a note from a depositor for the purpose of transmitting it to another bank where it is payable, for the purpose of receiving payment, a sub-agency is not created, and, therefore, the depository is not responsible for the negligence of the other. Thus in *Indig's case* (80 N. Y., 100), a note was sent by the National City Bank of Brooklyn to a bank in Lowville for payment. *Indig* contended that the Brooklyn bank constituted the Lowville bank its agent to receive payment of the note, and was liable for the amount which was paid by charging the same to the account of the maker, who was also a depositor. So he sued the Brooklyn bank, the other having failed, for the amount of the note. The court did not think that an agency had been created. "The note," said Judge Rapallo, "in so far as it relates to its presentment at the bank and the duties of the bank in respect to it, was equivalent to a check drawn by the maker upon the bank where the note was made payable. The bank owed a duty to its customer to pay it on presentation, if in funds. The defendant used the United States mail to make the presentment, and by this means caused it to be presented to the bank for payment on the day when due. It did not deposit it there for collection."

CERTIFIED CHECK.

In March, 1881, a check was certified by a bank teller. A year or so afterward the drawer of the check closed his account. The bank, overlooking the certified check of March, 1881 (which was still out), failed to reserve sufficient balance to meet the certified check. In November, 1888, the certified check is presented for payment. Is the bank legally bound to pay, or may it plead the statute of limitations?

REPLY.—The bank's only defense is the statute. As certification is a simple and unconditional obligation to pay on demand, this may be made whenever it suits the convenience of the person who is entitled to payment. "When the business of the bank is properly conducted, it is the duty of the officer certifying the check to cause it to be immediately charged as paid, in the account of the drawer, and when this is done, the sum thus charged will remain as a deposit in the bank to the credit of the check, and be forever withdrawn from the control of the maker, except as a holder of the check. Such a deposit stands exactly upon the same ground as every other." No negligence, therefore, can be imputed to the holder of such a check in delaying his demand for payment. "The bank, instead of being prejudiced, is benefited by the delay of its owner in calling for its payment, and can with no more propriety impute laches to the unknown holder of the check than to the known holder of an ordinary deposit." These are the remarks of Chief Justice Oakley in a well-considered case decided many years ago (*Willets v. Phoenix Bank*, 2 Duer, p. 132), but they express the law to-day. Like any other depositor, the holder of such a check can present it at any time within the period fixed by the statute of limitations.

BANKING AND FINANCIAL ITEMS.

CALIFORNIA.—The Nevada Bank of San Francisco, at its recent annual meeting of shareholders, made a showing as compared with the report made on Oct. 1, 1887, to the effect that loans, discounts and overdrafts have decreased in the aggregate \$1,972,064.26. The amount due from banks and bankers has decreased \$6,634,662.82. Investments have decreased \$4,214,192.45, and the amount of cash on hand is \$229,367.79 less than a year ago. The amount due depositors has decreased \$4,976,450.61. The amount due banks and bankers is \$5,049,236.54 less. The amount carried to profit and loss is \$38,127.15 less.

BRITISH SAVINGS BANKS.—A parliamentary paper just issued gives the following statistics regarding these banks:

	<i>Number of Accts. open on Dec. 31, 1887.</i>	<i>Amount with interest to credit of Depos- itors 31st Dec., 1887.</i>
England.....	3,593,417	£48,018,468 17 0
Wales.....	139,744	1,745,247 6 8
England and Wales.....	3,643,161	49,763,716 3 8
Scotland.....	139,681	1,142,625 9 9
Ireland.....	158,888	2,933,031 18 5
Islands in British seas.....	10,071	134,691 12 8
Total.....	3,951,766	53,974,065 4 6
Total in U. S. currency.....		\$269,870,325.00

THE FIRST RAILWAY IN CHINA.—The first annual report of the first railway in China has been issued by the directors. The line runs from Tongshan to Yungchong, in the province of Chihli, in North China. Its length is 90 li. or about 27 miles, and it owes its existence to the Kaiping coal mines, from which a considerable portion of its revenue is derived. The gross receipts were 53,943 taels (about £13,000), and the net profits 19,606 taels (£4,900). A dividend of 6 per cent. has been declared on the paid-up capital of 250,000 taels, the nominal capital being 1,000,000 taels, or £250,000. The principal items of the goods traffic were 170,588 tons of coal, 81,543 tons of brick, 15,566 packages of general merchandise, and 4,000,000 pounds of lime.

BOSTON.—J. H. Bouvé, president of the Boston National Bank, died at his home after a long illness. Mr. Bouvé was born in Scituate, in September, 1829, and was educated in the public schools of that town. In early life he learned the painters' trade, which he followed for some years, and later moved to Cohasset and engaged himself as a clerk in a market. Later he entered the Court square express office in Boston, where he remained until he secured a position as clerk in the Boston National Bank. In the banking business he showed remarkable ability, and rapidly advanced from a clerkship, until in 1878 he was made its cashier. Still later, when the health of President Hall became impaired, Mr. Bouvé was made vice-president of the institution, and, as such, assumed the duties of the president. On the death of President Hall, he was, on January 9, 1883, elected president of the corporation by a unanimous vote of the directors. This position he held at the time of his death. While engaged in the business of the bank in the Northwest last January, he took a severe cold, which, aggravating a disease of long standing, has kept him from business since last spring, and resulted in his death. Mr. Bouvé was a man of great popularity, pleasant and affable in his social relations, honest and industrious in his business pursuits.

MONTREAL.—In establishing its credit on the high plane of English cities, Montreal is in the van of Canadian municipal corporations. It has just secured a 3 per cent. loan of £1,053,000 at an average of something over 83. The minimum price was 82½. Some bids went up to 85½. The total bids were £213,000 in

excess of the amount required. All offers above the minimum rate were of course accepted, leaving 46 per cent. to go at the minimum. This is the first 3 per cent. loan issued by a Canadian municipality; and the average bids accepted are equal to a $3\frac{1}{2}$ per cent. loan at 97, and a four per cent. loan at 110. These facts contain a valuable suggestion to Toronto, whose credit ought to stand on about the same level as that of Montreal.—*Monetary Times*.

NORWICH, CONNECTICUT.—Lorenzo Blackstone died on the 14th of November, age sixty-nine. Mr. Blackstone, in 1845, secured the exclusive right of the rubber market of Great Britain, which he controlled until 1859, when he closed out his business in Europe and returned to this country to engage in the manufacture of cotton and woolen goods. At the time of his demise he owned the Attawangan Mills, three in all; the Ballou Mills, the Totoket Mills, and the Pequot Mills. He was a director and one of the executive committee of the Ponemah Manufacturing Company, one of the largest cotton manufacturing companies in the world; the president of the Chelsea Savings Bank, a director of the Thames National Bank and of the Chicago and Alton Railroad Company, of which his brother, T. B. Blackstone, is president; and was also largely interested in other Western railroads. Mr. Blackstone was also very prominent in public affairs. He was a trustee of the Norwich Academy, had been Mayor of Norwich four years, and served in both branches of the legislature.

NEW YORK CITY.—The board of directors of the Mechanics and Traders' Bank is compelled, by the rapid growth of business, to remove their establishment from its present location, at the northeast corner of Broome street and the Bowery, to the more commodious quarters in the new building, at 486 Broadway, corner of Broome street. The change will take place in January, 1889. The Mechanics and Traders' Bank ranks among the oldest financial institutions in the city. It was founded in 1830, and stood then at the corner of Grand and Suffolk streets. Its financial management from the beginning was of such a kind as to always command popular confidence. The new building into which the old banking institution is to be moved is specially constructed with a view to complete security. It is supplied with large fire and burglar-proof vaults, and every other modern invention in the safeguard line. The change of location was required by the rapid growth of the bank's business under its present management for the last four years, its deposits having increased within that period, from about \$700,000 to \$2,500,000. This bank has a capital of \$200,000, and a surplus of nearly \$200,000.

CHICAGO.—The American Exchange National Bank of this city has recovered judgment against the receiver of the Fidelity National Bank of Cincinnati, for \$400,000 and interest for over one year on \$100,000, the latter being the 25 per cent. dividend that was paid to the creditors of the Fidelity National Bank, and which the Court holds should have been paid to the American Exchange Bank at that time. This suit was brought on two drafts of \$100,000 each, drawn by the Fidelity National Bank upon the Chemical National Bank, of New York, and a letter of advice stating that \$200,000 had been deposited to the credit of the American Exchange Bank, by a customer of C. J. Kershaw & Co., in Cincinnati, for the use of the latter. The documents were received by the American Exchange National Bank, on June 15, 1887, from its customers in the regular course of business, and advances made to the amount of \$300,000. The collapse of the Fidelity National Bank, the fraud perpetrated by Harper, and the dishonoring of these bills of exchange will be well remembered by the public; also, the prompt and vigorous manner in which the Directors of the American Exchange National Bank made the deficiency good by an assessment of 30 per cent. on its stockholders, which was also promptly paid, thus preserving the integrity and solvency of the bank, as well as the confidence of the public in its management. The receiver of the Fidelity National Bank refused to allow the claim of the American Exchange Bank, upon the ground that the Fidelity National Bank never received any consideration for these drafts, but that Harper fraudulently issued them to procure funds to run a wheat deal in Chicago. The American Exchange Bank stated that these items were accepted from its customers in the usual course of

business, and that its officers were wholly without notice or knowledge that Harper, or the Fidelity National Bank had any connection with the Chicago wheat deal, hence brought suit to recover, resulting in judgment for the full amount, Judges Jackson and Sage, of the United States Court, deciding, at the close of a three days' trial, and without leaving the bench, that the American Exchange National Bank acted in good faith in cashing these drafts, and were innocent holders for value, fully entitled to recover. The result of this suit is very important to all banking interests, for, if acts performed within the scope of a bank officer's powers do not bind the bank, there would be no safety in accepting any bank documents for credit. Over \$100,000 will at once be paid to the American Exchange National Bank, and such further dividends as may be realized from the assets of the Fidelity National Bank estate, which it is now believed will amount to 50 or 60 per cent. of the whole indebtedness. Suit has been instituted against the directors and stockholders of the Fidelity, which, if successful, will result in paying the creditors in full. The directors and stockholders of the American Exchange National Bank are to be congratulated both as to the complete vindication given after the most thorough investigation, and the large increase the money will give to the value of the stock, in the addition to its surplus.—*Chicago Journal*.

CINCINNATI.—The First National Bank of Cincinnati, whose sign has for the past twenty-five years hung in all sorts of financial breezes, over the building at the northwest corner of Third and Walnut streets, has moved into its new home on the same site, where, the officers say, it will continue longer to live in the future than it has in the past. The First is one of the oldest national banking institutions in the city. The new building, which it occupied for the first time yesterday, is a very substantial and a very handsome home, befitting the substantial character of the banking institution its roof will for many, many years to come, cover. The building is massive but simple in its design, of the Romanesque type. The elevation of Walnut street gives easy access through a wide entresol, guarded by an artistic wrought iron grill door, to the bank. The banking-room is a well lighted apartment, the ceiling of which is 22½ feet above the marble-tiled floor. The interior decoration of the room is handsome. The wood is quartered oak. The iron columns are covered with porous terra cotta, and plastered with a hard finished cement. The staircases are of iron, with handsome marble treads. The entresol is wainscoted with handsome polished marble. The exterior, of obsidian brick, with Missouri granite base and polished granite window supports is very handsome, but massive. The roof is of asphalt, and, like the entire building, is fire proof. There is a great deal of ironwork in the building. The walls and ceilings are of iron beams, with arches of fire-clay between the beams in the construction of the ceiling and wall doors. A roomy elevator, in connection with an easy stairway, gives rapid communication to the upper floors of the building, which have already been rented to lawyers, agents, and other professional and commercial people. The sanitary and ventilating appliances are all modern and perfect.—*Commercial Gazette*.

RETIREMENT OF CIRCULATION.—The Secretary of the Treasury on the 19th of November issued the following circular in regard to deposits of lawful money to retire circulation: "In order that the national banks desiring to withdraw bonds on deposit with the Treasurer to secure circulation may be fully informed of the course to be pursued, notice is hereby given: 1. That Section 9, act of July 12, 1882, limits to \$3,000,000 the amount of lawful money to be received by the Treasurer for that purpose in any one calendar month. 2. The limit for the months of October and November having been reached, and it being probable that the movement may continue, it is hereby ordered that, until further notice, deposits of lawful money for the withdrawal of bonds be received at the office of the Treasurer of the United States at Washington, and nowhere else. 3. Tenders of deposits of lawful money may be made to the Treasurer of the United States on December 1, 1888, and at 12 o'clock noon all tenders received up to that hour will be considered by the Treasurer. If the amounts so tendered shall, in the aggregate, exceed the limit for the month, the deposits to be accepted will be determined by lot, under supervision of a committee, which will be appointed for that purpose, and the remainder will be entitled to priority after January 1, 1889, in the order

assigned to them by the committee. If the amounts tendered should not exceed the limit, all will be accepted, and tenders subsequently made will be accepted in the order of their receipt by the Treasurer of the United States. 4. Deposits tendered in excess of the limit will be returned to the banks by whom they were tendered, but a record will be kept of the order in which the tenders were made, and the banks making the same will be entitled to priority after January 1, 1889, in the same order. 5. Banks giving notice after December 1, of their desire to deposit lawful money, will become thereby entitled priority in the order of the receipt by the Treasurer of the United States of such notice."

BANK PROFITS ON GOVERNMENT DEPOSITS—The New York correspondent of the Philadelphia *Public Ledger* says: "It is not unlikely that the banks themselves, or some of them, may find it to their interest to anticipate this possible change of policy and to relinquish the public deposits and to sell the Government bonds held to secure them. One bank, which purchased about a million dollars worth of bonds with which to secure a Government deposit of a like amount of money, has held the bonds in the neighborhood of 130. It purchased them at about 123. This bank made a very good thing out of the operation. It made a profit on the purchase and sale of the bonds. It drew the interest on the bonds during the time it held them, and it had the full use of the million of Government money during that period. Its profits were about as follows: Difference between the buying and selling price of the bonds, \$70,000. Interest on the bonds, say one year, \$40,000. Free use of Government money, yielding to the bank, perhaps, \$70,000. Total, \$180,000. This is certainly a very good showing for a financial operation attended with absolutely no risk. There might naturally be some resentment that a favored bank should thus reap an immense profit out of money belonging to the public Treasury. But without entering into a discussion of the wisdom or unwisdom of the Treasury policy of depositing Government money in the national banks, it may be well to say that the policy is defended even by banking institutions which do not carry the Government deposits. It is held that the Treasury could do nothing else. Not to have adopted this method of expanding the currency would have resulted, it is claimed, in a financial crash. However objectionable may be the method of relief, the end, it is claimed, justified the means."

DETROIT BANK CLERKS' CLUB.—Contracts have been let for furnishing the new club house of the Detroit Bank Clerks' Association, and it is expected that the building will be ready for a grand opening, arranged to be held on May 30, 1889. The board of trustees of the club has adopted "Interlaken" as the name of the club, suggested by the situation of the property in Oakland county.

THE CHICAGO BANKERS' CLUB.—The Bankers' Club enjoyed its twenty-fifth regular meeting on the 13th instant. As officers were to be elected after the usual banquet, there were no speeches, nor was there any formal programme. The front of the menu card had the following interesting bit of information:

CLEARINGS OF CHICAGO BANKS.

1867	\$580,727,331 00
1877	1,044,678,475 00
1887	2,909,216,210 00

What will they be in 1897?

After the banquet the following officers were elected for the ensuing year: President, George Schneider; Vice-President, J. J. Mitchell; Secretary and Treasurer, J. T. Sturges; Executive Committee, E. G. Keith, W. C. Oakley and J. C. Neely.

SPANISH MILLED DOLLARS.—Judge Hare, in Court of Common Pleas of Philadelphia, has decided the case of *William S. Perot, Jr., et al. v. Mayer Eickols, et al.*, in favor of the defendants, whereby they have the right to pay an irredeemable ground rent in Spanish milled dollars instead of United States money. The milled dollar is worth from 72 to 85 cents in the current money of the United States. The ground rent was created in 1793, and by various assignments it became vested in the present plaintiffs. It requires the yearly payment of 95½ Spanish milled dollars. On January 1st last, this rent becoming due, the defendants offered payment in the Spanish coin, but the plaintiffs refused to receive them, claiming that they were entitled to payment in United States coin. A suit in the

form of a "case stated" was then brought, and was argued before the court some months ago. Judge Hare holds that the tender of the Spanish coin was a good tender, and he therefore gave judgment for the defendants. At the time (1793) the ground rent deed was made, Spanish milled dollars were part of the current money in the United States, and they remained a legal tender in the United States until 1857. Their coinage ceased many years ago, Spain having entirely changed its system of currency, and adopted a system in which there is no coin known as a dollar, nor is there any coin which is the exact equivalent of the Spanish milled dollar.

MAINE.—Of the death of William C. Holt, cashier of the Veazie National Bank, the Bangor *Whig and Courier* says: "He was born in Bethel, Oxford county, May 13, 1828, and was, therefore, nearly sixty years and six months old. He went to Piscataquis county about 1850, where he engaged in school teaching and other occupations, and entered the post-office in this city as a clerk about 1851, remaining there in various grades up to assistant postmaster until 1867, when he entered the Veazie bank as clerk. On the death of General Veazie, president of the bank, the late Major Alfred Veazie, who was cashier, was promoted to the presidency, and Mr. Holt elected cashier, holding the position until his death, a period of over twenty years. Mr. Holt was for two years a member of the Common Council from Ward 4, and served efficiently in that capacity. As a cashier he stood high, and by his genial manners made many friends."

DEATHS.

APGAR.—On November 16, aged eighty years, LEVI APGAR, President of North River Bank, New York City, N. Y.

BOUVÉ.—On October 27, aged fifty-nine years, JAMES H. BOUVÉ, President of Boston National Bank, Boston, Mass.

GRIGGS.—On November 24, W. L. GRIGGS, President of Fourth National Bank, Dallas, Texas.

HAMILTON.—On October 26, aged sixty-nine years, WILLIAM T. HAMILTON, President of Hagerstown Bank, Hagerstown, Md.

HOLDEN.—On October 7, aged twenty-eight years, ADDISON RICHARD HOLDEN, Cashier of Bank of Honeoye Falls, Honeoye Falls, N. Y.

HOSTETTER.—On November 6, aged seventy years, DAVID HOSTETTER, President of Fort Pitt National Bank, Pittsburgh, Penn.

HOWE.—On November 12, aged seventy-two years, PETER HOWE, of the firm of Peter Howe & Sons, proprietors of the Wenona Bank, Wenona, Ill.

MARSHALL.—On November 17, aged seventy-four years, HENRY PERRY MARSHALL, Cashier of Seamen's Bank for Savings, New York City, N. Y.

PHELPS.—On November 2, aged forty-seven years, SAMUEL F. PHELPS, Secretary of Long Island Loan and Trust Company, Brooklyn, N. Y.

ROLSTON.—On October 26, aged sixty-nine years, JOHN H. ROLSTON, Cashier of the Bank of the State of New York, New York City, N. Y.

SCHALL.—On November 16, aged fifty-seven years, JAMES A. SCHALL, Cashier of York County National Bank, York, Penn.

SCHWARZWÆLDER.—On November 24, aged seventy-five years, CHRISTIAN SCHWARZWÆLDER, President of Germania Bank, New York City, N. Y.

THOMPSON.—On November 7, aged eighty-one years, DAVID THOMPSON, President of Sussex National Bank, Newton, N. J.

WRIGHT.—On October 29, THOMAS B. WRIGHT, President of Warren Deposit Bank, Bowling Green, Ky.

YEAKLE.—On November 1, aged fifty-nine years, ABRAHAM A. YEAKLE, President of Peoples National Bank, Norristown, Penn.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 397.)

	Bank and Place.	Elected.	in place of.
N. Y. CITY..	National Park Bank.....	Ebenezer K. Wright, <i>V. P.</i>	.....
"	.. Seamen's Bank for Savings.....	Daniel Barnes, <i>Cas.</i>	Henry P. Marshall.*
CAL....	Santa Cruz B. for Sav. & L., { Santa Cruz.	J. H. Logan, <i>P.</i>	P. B. Fagen.
COL....	B. of Carbondale, Carbondale..	W. M. Prentiss, <i>Cas.</i>.....	.....
"	.. Rollins Investment Co., { Denver.	Frank C. Young, <i>V. P.</i>.....	.....
"	.. Union Bank, Greeley.....	T. P. Dunbar, <i>Treas.</i>	Frank C. Young.
"	.. State Bank, Julesburg.....	Geo. S. Adams, <i>Cas.</i>	Jas. E. Benedict.
DAK....	Central Dakota Bank, { Arlington.	James Robson, <i>P.</i>	Peter Peterson.
"	.. First National Bank, { Pierre.	J. P. Kidder, <i>P.</i>	L. A. Kidder.
"	.. First National Bank, { Pierre.	Wm. P. Allen, <i>Cas.</i>	E. F. Coleman.
"	.. First National Bank, { Pierre.	W. G. Nixon, <i>V. P.</i>.....	.....
"	.. First National Bank, { Pierre.	E. H. Andrews, <i>A. Cas.</i>.....	.....
GA....	Central Georgia Bank, Macon..	R. H. Brown, <i>P.</i>	J. E. Jones.
IND....	First National Bank, Danville..	Thos. J. Cofer, <i>P.</i>	John V. Hadley.
"	.. Indianapolis Nat. Bank, { Indianapolis.	Edwin E. Rexford, <i>Cas.</i>	Henry Latham.
"	.. Ind. Tr. S. Dep. Co., Indianapolis	W. F. C. Golt, <i>Ass't Cas.</i>	Edwin E. Rexford.
IOWA...	Dow City Bank, { Dow City.	H. F. Sprandel, <i>Sec. & T.</i>.....	.....
"	.. Bank of Minden, Minden.....	Abner Graves, <i>P.</i>.....	.....
"	.. Bank of Minden, Minden.....	N. B. Crowell, <i>Cas.</i>	Abner Graves.
"	.. Farmers Bank, Odebolt.....	N. L. Trimble, <i>Cas.</i>	I. H. Booth.
"	.. Farmers Bank, Odebolt.....	N. R. Pierce, <i>P.</i>	O. P. Thompson.
KAN....	Citizens Bank, { Jewell City.	Benj. Musser, <i>P.</i>.....	.....
"	.. City S. R. of K. C., Kansas City.	Wm. Musser, <i>V. P.</i>.....	.....
"	.. Kendall Exchange Bank, { Kendall.	Newton Kreamer, <i>Cas.</i>.....	.....
"	.. First National Bank, Lincoln..	Samuel W. Day, <i>P.</i>	Chas. Wilson.
"	.. State Exch. Bank, Mankato....	J. G. Brandt, <i>P.</i>	A. T. Irvin.
"	.. First National Bank, Oswego....	N. E. Allen, <i>Cas.</i>	D. P. Doak.
"	.. Bank of Plainville, Plainville..	H. F. Bredes, <i>V. P.</i>	G. M. Lutes.
"	.. Boone Co. Dep. B., Burlington..	D. H. Stafford, <i>Cas.</i>	Israel Davy.
"	.. Central City D. B., Central City.	Robt. O. Denning, <i>P.</i>	C. Abbey.
"	.. Northern B. of Ky., Lexington.	J. A. Earls, <i>P.</i>	W. H. Burke.
"	.. B. of Shelbyville, Shelbyville..	J. S. Hill, <i>Cas.</i>	J. G. Furnish.
"	.. State Nat. Bank, New Orleans..	J. D. Hunt, <i>P.</i>	L. Reno.
"	.. Veazie Nat. Bank, Bangor.....	W. S. Harbison, <i>P.</i>	J. C. Beekham.
"	.. Harford Nat. Bank, Bel Air....	C. H. Culbertson, <i>A. C.</i>	W. P. Nicholls.
"	.. Boston National Bank, Boston..	A. B. Taylor, <i>Act'g Cas.</i>	Wm. C. Holt.*
"	.. N. B. of Redemption, Boston..	Wm. M. Hines, <i>Cas.</i>	Jas. McAfee.
"	.. Holliston Nat. B., Holliston..	Silas Pierce, <i>P.</i>	James H. Bouvé.*
"	.. Merchants N. B., Battle Creek..	James B. Chase, <i>P.</i>	Wm. D. Forbes.
"	.. B. of Belle Plaine, Belle Plaine.	John M. Batchelder, <i>P.</i>	Sidney Wilder.
"	.. Renville Co. B., Bird Island....	Frank Turner, <i>V. P.</i>	F. A. Smith.
"	.. Rock Co. Bank, Luverne.....	E. E. Chard, <i>Cas.</i>	H. F. Weis.
"	.. Bank of New Prague, New Prague.	J. W. Donohue, <i>Cas.</i>	Thos. M. Paine.
"	.. Bank of Waterville, Waterville..	B. H. Hinkly, <i>P.</i>	Wm. Jacobsen.
"	.. Bank of Windom, Windom.....	Joseph Maertz, <i>P.</i>	Jas. W. Foss.
"	.. Bank of Cowgill, Cowgill....	A. J. Kanne, <i>Cas.</i>.....	.....
"	.. Bozeman National Bank, { Bozeman.	E. Sevaton, <i>P.</i>.....	.....
"	.. First National Bank, { Miles City.	Jas. Cowgill, <i>P.</i>	Robt. H. Finch.
"	.. Nebraska State B., Schuyler....	C. W. Hoffman, <i>V. P.</i>	Peter Koch.
"	.. Sussex National Bank, { Newton.	Peter Koch, <i>Cas.</i>	C. H. Cobb.
"	.. Nebraska State B., Schuyler....	W. B. Jordan, <i>P.</i>	Joseph Leighton.
"	.. Sussex National Bank, { Newton.	Geo. M. Mills, <i>V. P.</i>	W. B. Jordan.
"	.. Nebraska State B., Schuyler....	Geo. W. Blundell, <i>P.</i>.....	.....
"	.. Sussex National Bank, { Newton.	David R. Hull, <i>P.</i>	David Thompson.*
"	.. Nebraska State B., Schuyler....	Thos. Lawrence, <i>V. P.</i>	David R. Hull.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected</i>	<i>In place of.</i>
N. Y. . . .	Commercial Bank, Brooklyn. . . .	S. L. Keeney, <i>P.</i>	
"	Long Island Loan & Tr. Co. } Brooklyn. }	Fred'k T. Aldridge, <i>Sec.</i>	Sam'l. F. Phelps.*
"	Second N. B., Cooperstown. . . .	Henry L. Hinman, <i>Cas.</i>	B. M. Cady.
"	Smith's Bank, Perry.	Wm. D. Page, <i>Cas.</i>	H. N. Page.
"	First National Bank, Rondout. . . .	A. Burton, <i>P.</i> , <i>pro tem.</i>	Thos. Cornell.
N. C. . . .	N. B. of High Point, High Point. . .	E. M. Armfield, <i>Act'g C.</i>	
OHIO. . . .	Toledo National Bank, Toledo. . . .	H. S. Young, <i>Cas.</i>	E. H. Van Hoesen.
"	First Nat. Bank, Wellsville.	H. B. Nicholson, <i>Cas.</i>	James Henderson.
ORE. . . .	First National Bank, Heppner. . . .	Geo. Conser, <i>Cas.</i>	J. G. Maddock.
PENN. . . .	Nat. B. of Brookville, Brookv'le. . .	Joseph Darr, <i>V. P.</i>	W. D. J. Marlin.
"	Peoples Nat. Bank, Morristown. . . .	S. K. Anders, <i>P.</i>	A. A. Yeakle.*
"	Fort Pitt National Bank, } Pittsburgh. }	D. Leet Wilson, <i>P.</i>	David Hostetter.*
"	York Co. Nat. Bank, York.	Isaac A. Elliott, <i>Cas.</i>	James A. Schall.*
R. I. . . .	Greenwich N. B., E. Greenwich. . . .	Jas. M. Davis, <i>P.</i>	Henry Sweet.
TENN. . . .	Farmers Bank, Sparta.	R. P. Officer, <i>P.</i>	Geo. G. Dibrell.
"	First National Bank, Sparta.	J. R. Tubb, <i>Cas.</i>	J. N. Walling.
"	First Nat. Bank, Union City.	Frank O. Watts, <i>Cas.</i>	R. P. Whitesell.
TEXAS. . . .	First National Bank, Tyler.	E. C. Williams, <i>V. P.</i>	H. G. Askew.
"	Panhandle National Bank, } Wichita Falls. }	Robt. E. Huff, <i>P.</i>	John G. James.
UTAH. . . .	First National Bank, } Ogden. }	L. C. Grant, <i>Ass't Cas.</i>	
"	Deseret National Bank, } Salt Lake City. }	D. H. Perry, <i>P.</i>	H. S. Eldredge.
"	"	John Sharp, <i>V. P.</i>	D. H. Perry.
"	"	John Sharp, <i>P.</i>	H. S. Eldredge.
"	"	Moses Thatcher, <i>V. P.</i>	John Sharp.
"	"	Elias A. Smith, <i>A. Cas.</i>	
VT.	Lyndonville National Bank, } Lyndonville. }	Chas. A. Harris, <i>P.</i>	L. B. Harris.
"	"	L. B. Harris, <i>Cas.</i>	
WASH. . . .	Yakima National Bank, } North Yakima. }	J. D. Connett, <i>Cas.</i>	Geo. Donald.
"	"	Frank Bartholet, <i>A. Cas.</i>	J. D. Connett.
ONT. . . .	Bank of Hamilton, Listowel.	O. S. Clarke, <i>Agt.</i>	H. H. O'Reilly.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 395.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
CAL. . . . Alameda.	Bank of Alameda.	First National Bank.
" \$100,000	H. Sevensnig, <i>P.</i>	James E. Baker, <i>Cas.</i>
COL. . . . Claremont.	Columbia Banking Co.	
" Walsenburgh.	Walsen & Wheeler.	Kountze Bros.
" \$25,000		
GA. Jackson.	Jackson Banking Co.	Third National Bank.
" \$25,000	Wm. S. Witham, <i>P.</i>	Larkin D. Watson, <i>Cas.</i>
"	Frank S. Etheridge, <i>V. P.</i>	
IND. . . . Remington.	Bank of T. Durant & Co.	Green & Bateman.
"	Treat Durant, <i>P.</i>	Wm. H. Wells, <i>Cas.</i>
IOWA. . . . Cherokee.	Cherokee State Bank.	National Bank of Republic.
" \$25,000	John P. Dickey, <i>P.</i>	Edward D. Huxford, <i>Cas.</i>
"	J. C. Hall, <i>V. P.</i>	
" Fort Madison.	Lee Co. Savings Bank.	S. A. Kean & Co.
" \$25,000	Samuel Atlee, <i>P.</i>	Geo. M. Hanchett, <i>Cas.</i>
"	Wm. G. Kent, <i>V. P.</i>	
" Sioux City.	American Nat. Bank.	First National Bank.
" \$150,000	B. M. Webster, <i>P.</i>	Herman Russell, <i>Cas.</i>
"	H. A. Jandt, <i>V. P.</i>	Howard S. Baker, <i>Ass't Cas.</i>
ME. Eden.	First N. B. of Bar Harbor.	
" \$50,000	Chas. C. Burrill, <i>P.</i>	Edgar F. Brewer, <i>Cas.</i>

* Deceased.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MICH...	Laingsburgh....	Union Bank.....	Fourth National Bank. Wm. H. Hunt, <i>Cas.</i>
"	Reading.....	Exchange Bank..... Henry F. Doty, <i>P.</i>	W. B. Northrop, <i>Cas.</i>
MISS...	Aberdeen.	Bank of Aberdeen.....	United States National Bank.
	\$50,000	Wm. G. Elkin, <i>P.</i>	Robert Paine, <i>Cas.</i>
MO....	Marshfield.....	Merchants & Farmers B.	Chatham National Bank.
	\$5,000	R. W. Fyan, <i>P.</i>	W. L. Long, <i>Cas.</i>
		Geo. F. Gilbert, <i>V. P.</i>	
NEB....	Danbury.....	Bank of Danbury.....	
	\$8,000	T. E. McDonald, <i>P.</i>	J. S. Ewart, <i>Cas.</i>
"	Fremont.....	German-American Bank.	Chatham National Bank.
	\$100,000	Ernest Schurman, <i>P.</i>	Junius Rogers, <i>Cas.</i>
		Christian Christensen, <i>V. P.</i>	
"	Wood River....	First National Bank.....	
	\$50,000	Henry Chamberlin, <i>P.</i>	Walter Chamberlin, <i>Cas.</i>
		Patrick Moore, <i>V. P.</i>	
N. C...	Rocky Mount...	Bank of Rocky Mount...	National Park Bank.
	\$22,500	Samuel E. Westray, <i>P.</i>	Luther F. Tillery, <i>Cas.</i>
		Thos. H. Battle, <i>V. P.</i>	
PENN...	Wellsborough..	Wellsborough N. Bank..	Seaboard National Bank.
	\$50,000	Hugh Young, <i>P.</i>	Wm. D. Van Horn, <i>Cas.</i>
S. C....	Camden.....	Bank of Camden.....	Seaboard National Bank.
	\$6,250	H. G. Carrison, <i>P.</i>	Waddy C. Thomson, <i>Cas.</i>
		S. C. Clyburn, <i>V. P.</i>	
TENN..	Covington....	Farmers Union Bank....	
	\$40,000	J. M. Tipton, <i>P.</i>	E. L. Worrell, <i>Cas.</i>
		G. B. Gillespie, <i>V. P.</i>	
"	Johnson City...	First National Bank....	National Bank of Deposit.
	\$50,000	J. E. Crandall, <i>P.</i>	D. S. McIntyre, <i>Cas.</i>
TEXAS..	Laredo.....	Laredo Bank.....	Hanover National Bank.
		(Bartlett, Wolcott & Co.)	
VA....	Jonesville.....	Powell's Valley Bank....	National Park Bank.
	\$20,000	Henry J. Morgan, <i>P.</i>	W. K. Armstrong, <i>Cas.</i>
WASH..	Tacoma.....	Pentecost, Hayden & Huson.	Chemical National Bank.
	\$6,000		
ONT....	Cayuga.....	Bank of Hamilton.	Bank of Montreal. J. H. Stuart, <i>Agent.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from November No., page 397.)

3937	Third National Bank.....	G. Gunby Jordan,	
	Columbus, Ga.		J. W. Murphey, \$100,000
3938	Wellsborough Nat. Bank.....	Hugh Young,	
	Wellsborough, Penn.		W. D. Van Horn, 50,000
3939	First National Bank.....	Henry Chamberlin,	
	Wood River, Neb.		Walter Chamberlin, 50,000
3940	American National Bank.....	B. M. Webster,	
	Sioux City, Iowa.		Herman Russell, 150,000
3941	First Nat. B'k. of Bar Harbor.	Chas. C. Burrill,	
	Eden, Me.		Edgar F. Brewer, 50,000
3942	Phoenix National Bank.....	W. H. Cassell,	
	Lexington, Ky.		J. W. Rodes, 150,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from November No., page 399.)

- CAL.... Alameda..... First National Bank has gone into voluntary liquidation, succeeded by Bank of Alameda, same officers and correspondents.
- DAK.... Ellendale..... Gannon, Smith & Co., succeeded by F. B. Gannon.
- " .. Wolsey..... Bank of Wolsey, (Vance & Burns), N. W. Vance now proprietor.
- IND.... Wabash..... Wabash County Bank, succeeded by Wabash National Bank, same officers and correspondents.
- IOWA... Council Bluffs.. J. W. & E. L. Squire, now J. W. Squire.
- " .. Marble Rock... Marble Rock Bank (Shepardson & Martin), now J. B. Shepardson, proprietor.
- " .. Osceola..... Osceola Bank, reported closed.
- KAN.... Hays City.... Bank of Hays City has been incorporated, same officers.
- " .. Jewell City.... Citizens Bank has been incorporated.
- " .. Millbrook... The location of the First National Bank has been changed to Hill City, and to be known as the First National Bank of Hill City.
- " .. Seward..... Bank of Seward has discontinued.
- " .. Turon..... Bank of Turon, C. R. Reed now proprietor.
- MICH... Reading..... Bank of Reading, succeeded by Exchange Bank.
- NEB.... Valparaiso.... State Bank of Valparaiso, reported closed.
- N. Y.... Auburn..... National Exchange Bank has gone into voluntary liquidation.
- N. C.... Durham..... Bank of Durham, reported failed.
- VA. Norfolk..... Home Savings Bank, reported suspended.
- ONT... Lucan..... R. H. O'Neil, now R. H. O'Neil & Son.

Sterling exchange has ranged during November at from 4.87½ @ 4.88½ for bankers' sight, and 4.84½ @ 4.85 for 60 days. Paris—Francs, 5.18¾ @ 5.17½ for sight, and 5.22½ @ 5.20½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84¾ @ 4.85; bankers' sterling, sight, 4.88 @ 4.88¾. Cable transfers, 4.88¾ @ 4.89. Paris—Bankers', 60 days, 5.21¾ @ 5.21¾; sight, 5.18¾ @ 5.18¾. Antwerp—Commercial, 60 days, 5.25 @ 5.24¾. Reichmarks (4)—bankers', 60 days, 95¼ @ 95¾; sight, 95¼ @ 95¾. Guilders—bankers', 60 days, 40¼ @ 40¼; sight, 40¾ @ 40¾.

SWEDISH BANKING.—The Lumberman's Bank at Sundsvall is an institution in which nearly all the lumbermen are interested; and when they sell a cargo of timber or lumber—and there are at times fifty or sixty vessels loading on the shores of the Baltic—they immediately turn over the bill of lading to the Lumberman's Bank and get the money for it. The vessel starts for the mouth of the sea, and the time required to make that distance is about three days. Meanwhile the bank has sent the bill of lading to England with a draft, and if it is promptly paid the vessel is sent out of the sea on its journey towards England; if not, it is held until the matter is satisfactorily arranged, and thus they seldom meet with a loss. This is a kind of sagacity that *The Lumberman* would recommend to its native constituents, believing that such calamities on the recent Colorado failure ought to be averted.—*The Lumberman*.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, NOVEMBER, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in November.						RAILROAD STOCKS.					MISCELLANEOUS.					
GOVERNMENTS.		Interest Periods.	Open- ing.	High- est.	Low- est.	Close- ing.	RAILROAD STOCKS.					MISCELLANEOUS.				
4½s, 1891.... reg.		Mar.	107½	108	107½	108	Col. H. Valley & Tol.	27	27½	24	—	Norfolk & Western.	18	18½	15½	17
4½s, 1891.... coup.		Mar.	108½	109½	108½	109½	Col. & H. C. & I.	118½	120½	118	118½	Do	53½	53	40½	49
4½s, 1897.... reg.		Jan.	127½	128½	127	127½	Del. & Hudson.	139½	140½	135	137½	Do	61	61½	57½	59½
4½s, 1897.... coup.		Jan.	127½	128½	127	128½	Den. & Rio Grande.	—	48½	35½	—	Ohio & Mississippi.	24	24	20½	21½
6s, cur'cy, 1895, reg.		Feb.	121½	122	118	118	Do	10	48½	35½	—	Ohio Southern.	73½	73½	68½	—
6s, cur'cy, 1896, reg.		Jan.	124	125	121	121	East Tenn. V & G.	74½	74½	65½	67	Oregon Imp.	94	94	90½	93½
6s, cur'cy, 1897, reg.		Jan.	127	127½	124½	124½	Do	25½	25½	21	21½	Oregon R. & N.	31½	31½	28½	29½
6s, cur'cy, 1898, reg.		July.	129	130½	127½	127½	Do 1st pref.	75	75	65½	67	Oregon Short Line.	30½	30½	28½	30½
6s, cur'cy, 1899, reg.		July.	132	133½	130	130	Do 2d pref.	74½	74½	65½	67	Oregon & Trans-Con.	30½	30½	28½	30½
							Fort Worth & Den.	17	17½	14	14	Pacific Mail.	30½	30½	28½	30½
							Houston & Texas C.	—	17½	14½	14½	Pacific Decatur & Evansville.	26½	27	23½	24
							Illinois Central.	—	18	15½	15½	Philadelphia & Reading.	50½	51	46½	47½
							Indiana, Bloom. & Western.	—	18	15½	15½	Pullman Palace Car Co.	171	171½	167½	171½
							Lake Erie and Western.	—	53½	49½	49½	Rich. & W. P. Term.	29½	29½	24½	25½
							Do	103½	104½	98½	98½	Rome, W. & Ogd.	—	—	—	—
							Lake Shore.	60½	60½	53½	55½	St. Louis, A. & T. H.	—	45	45	45
							Long Island.	38	38	38	89	Do	85	84	84	84
							Louisville & Nashville.	—	96	88	89	Do	67½	69	64	66½
							Louisville, N. Alb. & Chic.	—	87	87	87	Do	113	113	112	112
							Manhattan.	—	87	87	87	St. Paul & Duluth.	45½	45½	35½	36½
							Marq. H. & O.	—	87	87	87	Do	104½	105	101	101½
							Memphis & Charleston.	89½	90	83	86½	St. Paul, M. & M.	33½	35½	32½	35
							Michigan Central.	—	55	51½	51½	Southern Pacific Co.	24½	25½	21½	22½
							Mil., L. S. & W.	—	93½	88	88	Tenn. Coal & Iron.	36	36	36	36½
							Do	—	7	7	7	Union Pacific.	36	36	36	36½
							Minn. & St. Louis.	—	14½	14½	14½	Virginia Midland.	15	15	12½	12½
							Do	—	76½	75	75	Wabash, St. Louis & Pacific.	27½	27½	24	25½
							Mo., Kan. & Texas.	12½	14½	12½	12½	MISCELLANEOUS—	—	—	—	—
							Missouri Pacific.	76½	79½	75	75	Express—Adams.	111	111	111	111
							Nash. C. & St. L.	109½	111	107	107	American.	80	80	71½	74½
							N. Y. C. & Hudson.	—	82½	81	81	United States.	140	140	138	138
							N. Y. C. & St. L.	—	109½	107	107	Wells-Fargo	85½	85½	82	83½
							Do	—	19½	17	17	Western Union.	—	—	—	—
							N. Y., L. E. & W.	—	76½	75	75	Silver Bullion Cert.	—	—	—	—
							Do	—	28½	29½	25					
							N. Y. & New Eng.	—	64½	65½	60					
							N. Y., Ont. & W.	46½	49½	40½	40½					
							Do	—	10	10	10					
							N. Y., Sus. & W.	—	34½	35	35					
							Do	—	34½	35	35					

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

JANUARY, 1889.

No. 7.

THE UNSTABLE VALUE OF RAILROAD PROPERTY.

An enormous decline has taken place within a few months in the value of many of the railroads in the United States. The decline exceeds \$220,000,000 in the stocks of fifty-one companies, whose aggregate par value is \$1,500,000,000. Everywhere, investors are alarmed. Two causes are generally ascribed for the decline—the Interstate Commerce Law, and mismanagement by the leading or directing officers.

While the Interstate Commerce Law has evidently failed to accomplish much which was expected of the measure, especially in protecting the conservative railroad companies from the unwise action of competitors, it is by no means the chief cause for the enormous depreciation above described. For example, the railroads that run westerly from Chicago can clearly trace their misfortunes to their own conduct in extending too rapidly, and especially into fields already occupied. For the last three years they have been chasing each other in several directions, and they are now reaping the legitimate fruits of their folly. Not one of these companies can attribute such reckless railroad building to the Interstate Commerce Law. It was clearly enough seen by most persons that the growth of business, great as it was in these directions, did not justify such an enormous extension of transportation facilities. Their creation meant plainly enough a heavy loss in the end, and which will continue until the traffic shall increase sufficiently to afford a fair remuneration for the enlarged

means for transportation. When this happy day shall arrive, then these companies will be restored; until then, they must pay for their folly in the way of reduced dividends.

This is an easy explanation for the conditions prevailing in that section—too costly transportation facilities for the business, and caused wholly by the railroad companies. They can blame neither the Interstate Law nor the administrators of it for this state of things, but solely themselves. The lines running between Chicago and New York have not been indulging in excessive railroad building of late, but for a long time there has been an excess of transportation facilities, including the Canadian roads. Therefore, except in the most favored times, the great trunk lines between the East and West quickly feel the depreciation which arises whenever there is a slight diminution in the quantity of merchandise to be transported. This condition of things is by no means new. It has existed for several years. The building of the West Shore and the Nickel Plate, the extension of the Delaware and Lackawanna to Buffalo, has somewhat affected the situation and diminished the chances for earning dividends by the other companies; but for the most part their diminished earnings is due to the excess of transportation which was created a long time ago.

The other cause above mentioned is that of railroad mismanagement. When dividends are lessened or passed, the most natural thing is for stockholders to ascribe the event to the managers; and they are suffering from a severe castigation of this nature at the present time. It is difficult to pass an intelligent judgment on their conduct; but one of the few facts which stands out pretty clearly is that, whether the roads make dividends or not, the men inside, with few exceptions, flourish. It is said that the managers of the roads running westerly from Chicago in general seem to be highly prosperous, notwithstanding the almost bankrupt condition of their companies. There is just as good a chance for them to make money when their stocks are declining as when they are going upward. Nothing is easier than for them to give their agents in Wall Street a little information concerning what is coming, and then sell the stock short, and when the collapse occurs their fortunes are made. Then addition, division and silence complete the story, and the world is no wiser for all that has happened. The existence of these great personal fortunes, in too many cases, do not harmonize well with the condition of the companies these men manage; and consequently the suspicion naturally arises that they are not so faithful and intelligent in the management of their great trusts as they ought to be.

What, then, is to be done? this is the question. One would think if these managers are incompetent or unfaithful that others should be put in their places; but then it is not so easy to find successors; and if a new crop were selected, would they not repeat the story? In other words, the chances are so great for individual money-making when chosen to manage these great concerns, that the temptation cannot be resisted. If this be so, it is a strong argument against having great corporations. That they perform a highly useful part in society no one will question. Rates are much reduced, transportation is quickened, and the general convenience is increased by creating great lines; but if, on the other hand, the temptations for unfaithfulness are correspondingly increased, and the companies must every now and then go through a cycle of decline, bankruptcy and reorganization, it is a very serious question whether the gains on the whole to society and investors compensate for the fearful losses. Of course, one is led to ask, cannot men be found? is it not possible to secure them? men who would prove competent and faithful in discharging these great duties? But the country has now had a long experience, and it must be admitted that it is not altogether favorable to the growth of human character in conducting these enterprises.

It cannot be denied that stockholders are remiss also in not watching the conduct of those whom they put in such high places. Generally, they seem to think that their duties are done after selecting and electing the directors, and think no more until the evil is experienced. Then it is too late; but it is evident that stockholders cannot be directors, that the work of management must be done by others. It may be that it will be found needful to break the companies into smaller ones with some kind of harmonious running arrangements between them that shall be helpful to the public generally; but which will, on the other hand, diminish the chances for managers to abuse their powers and opportunities for personal aggrandizement. We know that years ago, when railroad corporations were much smaller, there was less abuse of corporate management than at present. Doubtless it will be said that there was much on a smaller scale, so small, indeed, that the public did not care to inquire into it; while now the mismanagement is on a larger scale, and therefore more perceptible to the public eye. This, however, we do not believe to be a complete diagnosis of the case. We believe it is true that these corporations offer a thousand opportunities for personal money-making by sacrificing the corporation itself, and which not unfrequently are improved; and if so, does not the evil suggest the remedy as above stated? Anyhow, in this general uproar over diminished dividends and prospective bankruptcies, it

is worth while seriously to consider what is the true moral significance of creating these huge enterprises. Have they not been built at a fearful cost to individual morality, the loss of which in turn is causing the bankruptcy and ruin of the corporations themselves?

In the light of these tremendous losses in the value of transportation properties, it may be well to look for a moment at the losses which accrue to manufacturing and other productive concerns. These, too, are enormous from time to time, but less perceptible, for the reason that their values are not quoted from day to day in the newspapers, like the railroads. New inventions are constantly coming into use, displacing other machinery. Then there are depressions in business, which quickly affect the values of manufacturing properties; and the decline will register, on some occasions, many millions. Yet these losses, great as they are, are not noticed like those which overtake railroad owners, because they are less obtrusive. It may be questioned, however, whether they are not, in the long run, much greater. Indeed, one of the risks of having property is that of losing it. It is the old story the world over. If a man erects a factory and supplies it with the most improved kind of machinery, in a few years he finds it is unfit for use, and that, unless put aside for newer and better, he cannot continue the work of production with success. A railroad is built between two points, and for a time it flourishes, and then a new one is built which destroys the first. The risks are universal; every intelligent man understands perfectly well when buying into a railroad company, or creating one, or erecting a factory, that he may lose all of his investment. This, we say, for the most part he understands; nor does he expect to continue very long without meeting losses of some kind in any enterprise. This is the fate of everybody. The difference between the wisest and the less wise is simply one of degree, and not of absolute escape. But when we have made allowance for such risks, which are very great, there is an additional risk, which has recently assumed a frightening form—the abuse of the confidence or trust imposed in managers; and we think it is this distrust, rather than the general risk, which is causing so much disquietude among the investors in railroad properties. Stockholders would do well to investigate carefully into the management of the various concerns in which they are interested. Nor need they fear to have more light thrown on the subject. There was a time, indeed, when the world made money through the general ignorance prevailing in trade, but that day has passed. In consequence of the telegraph and postal facilities everywhere, there are no more secrets in business. It is all open, above-board, and there is no particular danger of a rival

getting any especial advantage through any investigation of this nature; or in consequence of doing business in the most public manner. The only ones which can suffer from such an exposure are those which are false to their contracts and engagements, that make promises of keeping rates and immediately break them. If, we repeat, the companies are willing to do business fairly, as they pretend to be, no harm can come from any public knowledge concerning it.

With respect to pooling arrangements as a remedy, much has lately been said on this subject. Doubtless it would afford a remedy in some instances. Whatever may be the merits of the system, Congress should not stand in the way of permitting the railroad companies to enter into such arrangements, for we all know that at present, when no system of the kind is permitted, the fair-minded companies suffer from the practices of the worst. A company that is badly managed, or whose president or board of directors care nothing about a promise, and violate traffic arrangements with impunity, can depress rates to a ruinous point, and all competitors are powerless. It must not be thought, however, that all railroad managers are alike unmindful of their trusts. If those that are honest and capable are desirous of managing wisely, neither the nation nor the States should stand in the way of preventing them from making such arrangements as would enable them to conduct their great trusts with efficiency and success.

The National Bank Circulation.—The Comptroller of the Currency, in his Annual Report, has presented another plan for a bank circulation, which is republished elsewhere. As it is based on the perpetuity of the national debt, we must join the multitude in condemning it. No system of bank circulation, having such a basis, is likely to find the slightest favor with Congress or the people, for the very obvious reason that the debt cannot, and will not, long survive. Other objections have been raised to it, but this is quite sufficient. The Government having become accustomed to paying the premium needful to buy the bonds—most of the opposition to the policy having passed away, as we supposed it speedily would—it is very obvious that the extinction of the debt to the amount required by the national sinking fund, about fifty millions of dollars a year, will go on until none remains. This will require but a few years at most, and therefore the national debt cannot form a permanent basis for circulation. As previously remarked, so long as the coinage of silver is continued, this question of additional circulation beside the annual specie increase need not be considered.

A REVIEW OF FINANCE AND BUSINESS.

A POOR BUSINESS BUT A GOOD CROP YEAR.

The past month has not been one of important events, either in financial or commercial affairs. With the exception of a restoration of rates and confidence in the railroad world and stock market, and a liquidation of the Bull speculation of last September and October, in wheat, there has been comparative dullness, without material changes in values of the chief staples of commerce and speculation.

But the past year has probably no parallel in some respects, the more notable of which have been the most unfavorable weather the year through, in the memory of the present generation, beginning with a hard winter which ended in such a blizzard as was never known, in this country at least, and ending in one of the wettest autumns in years, following an unusually cool, dry summer. The result was the poorest spring trade in years, only a fair summer's business, while the autumn trade has been interfered with materially by the bad weather, in addition to the election. Yet, in face of all these unfavorable climatic influences, it has been a good crop year, except for wheat, of which we have the smallest and poorest crop since 1881.

Not only has the volume of business been materially less than it would have been except for the above causes, but that which has been done has been on a very small margin of profits, which has probably left a smaller addition to the wealth of the individual and of the country than any equal volume of business ever done in any year which was free from panics and general depression. Compared with former years, and especially with any previous presidential year, the volume of business has not been small. On the contrary, it has been large in the aggregate, but by no means so great as it should have been under the favorable conditions of production and consumption and of supply and demand which existed at the beginning of the year, and promised one of the largest in our history, taken as a whole.

CAPITAL AND LABOR MORE GENERALLY EMPLOYED THAN USUAL.

Few industries have been idle, and the number of unemployed has been below the average, while strikes have become less frequent and severe, with two or three exceptions, than for several years. And yet the complaint of very little money in general circulation is more prevalent than for some time. This may be a good rather than unfavorable sign of the times, for, taken with

the tighter money markets of this country and Western Europe, it indicates increased employment of capital which has been begging for investment in the past three or four years at very low rates. Taking together, therefore, the large volume of business done and the complaints of poor returns, they indicate that the past year has been one of the largest sales and smallest profits on record. Yet, the general conditions of trade are sound, despite small and numerous failures; stocks, as a rule, not excessive, though larger than a year ago; while credits, though somewhat extended, are not inflated by speculation and anticipation of future wants, of which the country was never so free since the craze to gamble in every staple of trade was left as a legacy of the war. These facts, together with the good crops of everything but wheat, ought to pull the country out of the present profitless state of trade, that some have regarded as more than temporary, because so general. If this diagnosis of the business conditions of the country at the close of the old year are correct, then the prospects for the new year, upon which we now enter, are better than they appear to be, and promise more than the past year's business has been.

THE STOCK MARKET.

The break in stocks, which had been checked at the close of November, by the agreement of the Trunk Lines and Granger Roads "to do so no more," that is, to stop quarreling and doing business for nothing, proved to have ended, for the present, with the execution of that agreement, while its observance, so far, has advanced the market for those shares and the whole list during the month past. In the recovery which followed, the Vanderbilt roads were conspicuous on inside and London buying on advance information of what the dividends declared at the close of the month would be. The coal shares, however, made a sharper rally on the showing of the year's business, which has been unusually good, and has enabled the most of them to make a better financial showing than for several years, especially the Lackawanna. Those roads which were affected by the coal miners and coal roads employes' strike, early in the year, will not make so good a showing as some had expected, and the stocks of such have not kept pace in the advance with the others, which led to the suspicion of inside selling, especially as the coal trade has been slack during December on account of the mild weather, until stocks are accumulating and prices are being cut.

CONDITION OF THE COAL ROADS.

As an illustration of what may be true of some coal roads, when their statements, which so far have been held back, shall

appear, the following has been given out in a sort of semi-official manner, to prepare the way for the annual report. We quote from the *Commercial Bulletin*, as follows:

"It is stated, by what should be reliable authority, that Mr. Corbin estimates the net earnings for the Company's fiscal year at \$10,000,000. From the same source it is learned that the above net will be, after paying about \$1,500,000 for extraordinary improvements, \$600,000 for the Coal and Iron Company's sinking fund, and \$1,400,000 loss from the coal strike. The annual fixed charges are \$7,757,888, deducting which from the above estimated net of \$10,000,000, shows a deficit in meeting full interest on the third preference bonds this year of \$757,888; but this deficiency will probably be materially reduced, if not wiped out, by including in the same account the net for the six months following June 1, 1887, as the reorganization agreement provides. The final decision about the third's interest will not be reached until the middle of January."

The balance of the stock market has generally followed these two great Eastern systems, the Coal and Trunk Lines' stocks, though the Grangers' earnings have made, in some cases, very poor showings with inside selling. London has been a buyer rather than a seller of most shares generally since the rate war was stopped, and it is hoped the pressure from foreign investors, who have made a market for their shares, will keep the managers of these roads in the traces for a time, if not permanently.

THE LIQUIDATION IN WHEAT AND FLOUR.

Next to the recovery of railway shares, the liquidation of the Bull cliques in wheat at Chicago and in the Northwest, has been the most important event in our speculative and export markets. Since Hutchinson ran his memorable deal in September wheat in Chicago, we have exported practically none from the Atlantic coast, except an occasional cargo to Lisbon for making macaroni, as this crop in Portugal was soft, and our hard winter wheat was required to mix with it. Flour has been exported freely until of late, but on old purchases, made ahead, during the advance in wheat early in the fall, and on consignment by the Northwestern millers, who had filled up every market in this country, and their own warehouses, until they were compelled to shut down quite generally during the month, while the tightness of money in the Northwest, and the break in wheat, of which they were long, has compelled some of those millers to consign flour to Europe, whose markets were 25 to 75c. per bbl. under our own, in order to draw against them and raise money.

With his usual foresight, Hutchinson turned Bear on wheat in

November, and has been hammering the markets ever since, until he has tired out his Bull followers of last September, who loaded up when he unloaded, just as they sold short in August when he loaded up, and compelled or scared them into dropping their long wheat at \$1.05 down to near \$1 for May, in Chicago, which had cost them \$1.10 to \$1.20. This was on the last week of the month, during the holidays, when Europe is practically doing nothing. But at the drop she bought some wheat at Baltimore, which has ruled from 2 to 5c. under our market for some time, because not held by speculators, as New York has been, though relatively nearly 10c. cheaper than Chicago, even when 5c. over Baltimore. At this break the Bear raiding of Hutchinson ceased, when he turned buyer of wheat, and is now believed to be loading up again for another Bull campaign and higher prices later on, than last fall, even, when he made so much money on wheat, though a heavy loser on corn, which he was bulling at the same time, and since when it has broken 10c. or over on the early movement of the large new crop, in the face of the largest export demand we have ever had at this season for years, if at all.

PROSPECTS OF EXPORT TRADE.

After the new year, therefore, a better export trade is expected for flour and wheat until next May, when the new Indian crop will begin to be available in Europe. In the meantime the shipments from the Pacific coast can scarcely keep up to the heavy volume of the first half of the crop year, as California has not been affected by the speculation here, since the failure of the Nevada Bank Syndicate to Bull wheat a year ago. Russia has plenty of wheat for export yet, according to accounts. But cold weather in the Black Sea promises to close Odessa and other export ports this winter, which was not the case the past two seasons, when, with the help of heavy ice-boats, they were kept open. On this depends, to a considerable extent, how soon and how much wheat and flour we shall ship to Europe. But the chances are that at about present prices or better we will be able to sell all the small surplus we will have for export, as the short crop, which is not felt the first half of the crop year, will soon tell on our stocks, as it is already in lighter receipts throughout the West.

OUR FOREIGN COMMERCE.

The exports, exclusive of specie, from New York for the week ending Tuesday, December 25th, were valued at \$6,646,750, against \$6,898,383 for the previous week, \$6,025,001 for the corresponding week in 1887, \$4,672,175 in 1886, and \$4,765,899 in 1885.

The report of the Bureau of Statistics of the imports and

exports of general merchandise, gold and silver in and from the United States in November shows an excess of exports of merchandise of \$22,510,394 over imports, an excess of exports of gold of \$3,415 over imports, and an excess of exports of silver of \$711,829 over imports. The aggregate excess of exports over all imports was \$26,637,638, against an excess of \$14,092,656 of exports over imports for the same month in 1887. For the five months ending November 30 the merchandise exports exceeded by \$2,847,692 the imports, the gold exports were greater by \$4,023,543 than the imports, and the export of silver was greater by \$7,096,014 than the imports. For the eleven months to November 30 the imports of merchandise were \$58,727,608 in excess of the exports, the export of gold was greater by \$13,748,486 than the imports, and the exports of silver exceeded the imports by \$14,859,902, making for the eleven months a balance of \$30,119,220 against the United States, compared with an adverse balance of \$50,217,295 for the same period last year.

THE MONEY MARKET.

The advance in the rates for money in November has continued during the month with a steadily hardening tendency and occasional flurries on the Stock Exchange, where extreme rates have been paid for a few days. This has been aggravated by the withdrawal, by corporations, of loans in the open market in anticipation of their annual interest and dividend disbursements, and when these shall be made, an easier market is expected. At the close money was active, with rates unsettled; but 5 per cent. was a fair quotation for two to four months' funds. In longer time loans very little is doing at the Stock Exchange. Call loans on stock collateral ranged from 4 to about 6 per cent. with 5 per cent. reported for most of the business done. Commercial paper was firm at about 5 per cent. for the best double names and $5\frac{1}{2}$ for single names. Boston banks are said to have at present about \$2,000,000 invested in paper here, which, however, is not available for return shipment at once. The supply of paper did not run quite up to the demand, as merchants are not making paper with freedom. The New England mills are for a time out of the market, and commission houses here are supplied pretty well for January first wants. Corporation loans are made at $4\frac{3}{4}$ and 5 per cent.

GOLD EXPORTS AND BANK FAILURES.

The gold exports of the last of November continued during the early part of December and caused considerable talk and some apprehension. But they dwindled down by the middle of the month and finally ceased, to be forgotten, since when the Sterling Exchange market has been dull and featureless.

In regard to the recent bank failures in Nebraska, the following dispatch, dated Omaha, December 28th, was received here explaining them :

"The failure of several Nebraska banks within a week has caused considerable uneasiness throughout the State. These failures, however, are not due to financial stringency, and in some instances it looks as though there was a deliberate purpose to defraud on the part of those conducting the institutions. The State laws governing private banking are very lax. The statute requires that all corporations engaged in banking shall annually make report under oath to the State Auditor of their resources and liabilities. There is no provision for State inspection, and owing to this oversight, mushroom banks have sprung into existence. Ever since the big swindle perpetrated by the Valparaiso bankers, less than a month ago, the press of the State has been vigorously urging the need of a revision of the banking laws, and this will be one of the first matters acted upon by the coming Legislature."

LIQUIDATION OF THE PANAMA CANAL COMPANY.

In regard to the prospects of the reorganization of the Panama Canal Company and the prosecution of that work, the *Economiste Francais* of December 8th says : In the hypothesis, which may be regarded as almost a certainty, of the company's liquidation, it may be asked, what will be the value of its various securities? Neither the founder's shares nor the capital stock will be worth anything whatever. It has been supposed by some that the 5 per cent. bonds issued for the purchase of the Panama Railway shares would have a lien on the earnings of the railway; but, although the wording of the prospectus of issue was of a character to give rise to that hope, it does not seem that the contention can be legally supported. The prospectus was as follows : "The proceeds (of these bonds) is destined to the payment for the shares of the Panama Railway acquired by the Inter-oceanic Canal Company." Moreover, many believe (which, however, we repeat simply as a rumor,) that the company's Panama Railway shares have been pledged to credit concerns, and would not therefore be available. In that case, the assets of the company would consist of these items only, viz.: seventy or seventy-five millions of francs remaining due as installments on the lottery bonds subscribed but not fully paid; about fifty million francs of the guarantee fund, which has been deposited for redemption of the lottery bonds. Although only about 850,000 of these bonds, in round numbers, were sold, the company, in order to make good its promise as to the prizes, was compelled to invest about a hundred million francs in rentes, and of this amount only about one-half belongs to the bonds that were sold. It is a nice question whether the other half can be withdrawn; but in any case, certificates could be issued corresponding to the lottery chances of the 1,150,000 unsold bonds; for if M. deLesseps promised that all the prizes should always go to those

bonds which the public holds, that was a verbal pledge, and can have no definite value. So that the company's cash capital may be placed at 120,000,000 or 125,000,000 francs. It has, besides this, some real property on the Isthmus (not the 500,000 hectares of the concession, for the title to that is conditional) and some material. If we add 20,000,000 francs for these, we get a total of assets of 140,000,000 or 150,000,000; but on the other hand there are certainly some privileged debts, dues of employes, of laborers, of contractors, etc. It would be an exaggeration to reckon the residue at more than 100,000,000 francs. This would represent somewhat less than 10 per cent. of the liabilities, the amount of the bonds issued exceeding a milliard. Upon this hypothesis the 5 per cent. bonds issued at 437 francs 50 would receive about 40 francs; the 3 per cents, issued at 285, about 25; the 4 per cents, issued at 333, about 30; the 1,000 franc bonds of the first and second series, issued at 450 and 440, about 40; while the lottery bonds, issued at 360, would receive about 35 francs, and retain their rights to lottery prizes and ultimate reimbursement, which are worth exactly 60 francs per bond, or a strict value for these bonds of 95 francs.

It is probable that another company would seriously hesitate before charging itself, in face of all the contingencies which the enterprise still comports, with the payment of 150 or 200 million francs to the present company; and even such a sum would only pay 30 or 40 per cent. to the present bondholders, but the hypothesis of such a purchase in case of the concession and works is highly improbable. If anything is done, it will be a purchase with stock, and stock giving only a deferred and subordinate interest in the doubtful revenues of the enterprise. In every case it seems impossible to think seriously of a reorganization in advance of a judicial liquidation, which alone can offer a solid basis, free from danger of future complications.

If such a loss as the above indicates, to the French people can be sustained without a panic on the Paris Bourse, and trouble in other money centers of Europe, it will be fortunate. At all events, the only present means of transit across the Isthmus, the Panama railroad, seems to have passed hopelessly out of the hands of Americans, and from under the control of our Government, into that of the French and of France.

THE COTTON MARKET AND ITS POSITION.

Speculation still remains lifeless in this staple, as a 7,000,000 bale crop now seems pretty certain, and present prices are based upon such an estimate, which is also the estimated consumption. But the goods market is overstocked, and production is more than liable to be reduced the coming year, which is likely to offset the deficit with which we went into the new crop from last year

Hence those who estimate the crop at under 7,000,000, are not bulling in face of the heavy receipts South, and those who believe in more than 7,000,000 bales are afraid to sell, in view of the heavy exports from southern ports and the moderate stocks on this side.

Port receipts the last week of the month point to 238,000 bales, against 186,428 bales last year, and receipts at the published interior towns to 100,000 to 105,000 bales, against 58,553 bales last year. The fields are white with cotton, and picking is actively progressing. The plantation movement shows an excess as compared with last year. Stocks in Liverpool, with addition of cotton afloat for Liverpool and London, are 894,000 bales, including 770,000 bales American, against 889,000 bales including 694 bales American last year.

THE PROVISION MARKET.

The raiding of packers has continued most of the month, in face of light stocks and good demand for hog products, as the price of hogs has been too high on which to pack a large crop safely, and which has been predicted upon a big corn crop. But they have gotten the product down without the price of hogs going too, because the receipts have been small, and are nearly 750,000 hogs behind a year ago for the first two months, or half of the winter season. Now the market is oversold, and products about \$1 per bbl. lower than cost of production. The packers have sold all they dare to, and the outsiders are not obliging enough to put themselves in the packers' place. Hence they are playing a waiting game, in hopes still that receipts of hogs will increase the last half of the season, and enable them to get out of their shorts by selling the summer months, and thus turn their shorts over from one month to the next, until they can get the price down. Export trade is checked by fears of further decline, yet it was good early in the month, and is equal now to the supply of spot stuff.

THE MINOR MARKETS.

The other markets have experienced the usual quiet, not to say dullness, of all consumptive trade during the month, while the speculation is too small in these to be of any significance when it is at the minimum in the stock, grain, provision and cotton markets. In fact, speculation is dead in everything; the public is out and don't want to get in, and only the professionals and their brokers and followers are in these markets, and scalping for one to two points profits. The iron, coffee, metal, and petroleum markets are as lifeless as a graveyard, with only a few grave-diggers left, each of whom is trying to bury his fellow, in the absence of outside victims to furnish them employment longer.

FINANCIAL FACTS AND OPINIONS.

Organization of New Banks.—The following table of the national banks organized during the last seven years shows very clearly that their development has not kept pace with the growth in population or wealth of the country during this period.

NATIONAL BANKS ORGANIZED 1882-1888.

<i>Year ending Oct. 31.</i>	<i>Number of New Banks.</i>	<i>Total Capital.</i>
1882.....	171	\$15,767,000
1883.....	262	28,654,000
1884.....	191	16,042,000
1885.....	145	16,938,000
1886.....	174	21,358,000
1887.....	225	30,546,000
1888.....	131	11,689,000
Total.....	1,299	\$140,094,000
Yearly average.....	185	\$20,142,600

The ready explanation is that the premium on the national banks is too high to warrant their purchase for banking purposes. In the meantime organizations under State laws have been coming on quite quite rapidly, as will be seen from the following table.

BANKS ORGANIZED JULY 1 TO NOVEMBER 1, 1888.

<i>States.</i>	<i>National Banks.</i>			<i>Other Banks.</i>			<i>Totals.</i>	
	<i>No.</i>	<i>Capital.</i>	<i>No.</i>	<i>Capital.</i>	<i>No.</i>	<i>Capital.</i>	<i>Capital.</i>	<i>Capital.</i>
New England.....	2	\$300,000	11	\$595,000	13	\$895,000		
Middle.....	4	260,000	21	3,050,000	25	4,210,000		
Southern.....	6	550,000	48	1,108,000	54	1,658,000		
Western.....	15	1,280,000	148	2,457,000	163	3,737,000		
Pacific.....	4	250,000	36	948,500	40	1,198,500		
Grand Total.....	31	2,640,000	264	9,058,500	295	11,698,500		

If the national banks were permitted to issue notes to the face value of their bonds, or, better still, within ten per cent. of their market value, doubtless the system would receive a fresh impetus. Congress, for some reason or other, seems to be unwilling to put even this one drop of blood into the system. It would seem as though that body were bent on surrounding the system with as hard conditions as possible. With the profits on note-issuing gone, there is but little reason for continuing the system, and we are inclined to think that ere long a return to the State systems will take place. The great thing that keeps banks in the national system is the desire of the banks in the larger reserve cities to have the deposits of those outside; while these, in turn, desire to put a portion of their deposits in the larger ones, to get interest on them. This, we suppose, is the strongest link in the chain of national banking to-day. But the conditions under which deposits are kept may change, either by law or by new

courses in business, and this link may be snapped. Whenever this shall happen, the system will doubtless disappear, even more rapidly than it came into existence.

Savings Banks.—The Comptroller of the Currency for several years has collected and published a large quantity of statistics relating to savings banks. Near the close of 1887 the Comptroller showed that 664 savings banks reported officially, aggregate deposits of \$1,157,867,000. At a corresponding date this year the Comptroller has received official returns from 743 savings banks holding deposits of \$1,248,072,000. The aggregate deposits, as stated for 1887, did not include \$77,868,000 held by savings banks from which only unofficial returns were received, and this year's aggregate does not include \$116,123,000 holdings of fifty-eight savings banks reporting unofficially. Confining the comparison to the official returns, the year has witnessed an increase of seventy-nine in the number of savings banks, and about \$90,000,000 in the amount of deposits. This increase in the number of savings banks is more than twice as great in the single year as in eight years preceding, and the increase in deposits is as great in the one year as in three years preceding. The remarkable increase in official savings bank returns can best be shown by taking the figures from the currency reports of a series of years. We will begin at about the date when the aggregate deposits first reached \$1,000,000,000. The growth since that time has been as follows:

OFFICIAL RETURNS OF SAVINGS BANK DEPOSITS, AS REPORTED BY THE
COMPTROLLER OF THE CURRENCY.

<i>Year.</i>	<i>Banks.</i>	<i>Deposits.</i>
1882.....	629	\$966,000,000
1883.....	630	1,024,000,000
1884.....	636	1,073,000,000
1885.....	646	1,095,000,000
1886.....	638	1,141,000,000
1887.....	664	1,157,000,000
1888.....	743	1,248,000,000

It will be remembered that Mr. Townsend, of the Bowery Savings Bank of New York City, made a computation of savings bank deposits in the United States at the close of 1887. By this estimate, the aggregate was \$1,202,000,000, or \$45,000,000 greater than the aggregate officially reported to the Comptroller of the Currency. Assuming that the total reported to the Comptroller for 1888 is equally below the actual amount of savings bank deposits, the present aggregate of deposits held by savings banks in the United States exceeds \$1,293,000,000, and has doubled in less than a decade.

Interstate Commerce Code.—Mr. Trenholm, Comptroller of the Currency, in his annual report made one recommendation which

is deserving of the highest consideration—the adoption of a code of commercial law by the States. We all know how much confusion arises from dissimilar laws concerning bills of lading, promissory notes, bills of exchange and other instruments of commerce. There may be a question concerning the power of Congress to enact such a code which would be operative in the States; but Congress could enact one that could be applied by the Federal courts, and which, too, might be adopted by the several States. Whether created by the nation or by the States, the time has come when the step should be taken. The Comptroller, in describing the present confusion, says:

Without attempting to cite specific instances or to designate the States concerned, it is sufficient to say that, in respect to commercial paper, the conflict of law in different States extends to every branch of the subject; and it is not confined to cases of rare occurrence, or to those in which the circumstances are unusual or peculiar, but exists in respect to many matters which are elementary and fundamental, as, for example, the legal force of such instruments as bills of lading, promissory notes, bills of exchange, etc., the obligations of the parties thereto, the steps necessary to charge the different parties with liability, and the extent to which the instruments constitute a charge or lien upon the property in respect to which they are made. In many instances the force of the instruments has to be determined by the laws of a State in which the statutes or the leading decisions differ from those prevailing at the place of negotiation; and as bank officers cannot be familiar with the laws of every State and Territory, and also with all the decisions throughout the country, they must often be thrown into perplexity about what might be a very simple business, except for this conflict of laws.

Savings Banks, and Building and Loan Associations.—There are some points of contrast between these two kinds of institutions which are worthy of mention. In New England, the savings bank idea has been the prominent one, while in Pennsylvania especially, and in Ohio and other States, building and loan associations have been the leading kind of institution for keeping and using the savings of the working class. Both institutions have one thing in common, they receive the savings of this class in very small amounts. The leading difference is that the savings which are deposited with the loan associations are invested in homes, that is to say, it is directly and immediately used for that purpose; while money put in savings banks does not lead so directly to that end; yet in truth savings bank deposits are largely loaned on real estate, and usually at a lower rate than is charged by the building and loan associations; and this lower rate is of course a good thing for the borrower of the money. But we think it may be fairly said of building and loan associations that the money deposited with them is more rapidly converted into homes than the money deposited with the savings banks; and as a home is of the highest

importance to the workingman, contributing not only to his comfort and pleasure, but also to the making of a conservative citizen, these institutions are worthy of the highest encouragement. A report will soon be published on this subject by the Pennsylvania Bureau of Industrial Statistics, which will give a very complete account of the history and working of the building and loan associations in that State, where more than twelve hundred of them now exist.

Industrial Insurance.—The New York *Commercial Bulletin* has published some very interesting figures concerning the growth of industrial insurance.

<i>Year.</i>	<i>No. of Policies.</i>	<i>Amount of Insurance.</i>
1884.....	1,092,529	\$111,115,252
1885.....	1,377,150	146,138,241
1886.....	1,780,372	198,431,169
1887.....	2,296,996	254,530,975
Increase over 1884 ...	1,204,467	\$143,415,723

From this it appears that the amount of insurance has more than doubled within four years, while no systematic attempt has been made to extend the business in the Southern and Western States. This form of insurance has existed for many years in England, one company having 7,510,322 policies in force, or one for nearly every fifth person in the kingdom. The average amount of insurances under this plan is small, but a fraction over \$100; yet to the particular class to which this insurance applies, the amount named seems as large as does the \$1,000 policy to the family of the salaried man. The main principle involved is the furnishing of an amount sufficiently large to pay the expenses of the last sickness and cost of burial. The amount charged as premium varies from five cents a week upward, according to the amount insured and the age of the applicant; but in any event it is too small to be considered a burden, and while lack of work may sometimes cause a policy to be dropped, it is a common thing for it to be renewed when work is again procurable. This kind of insurance is more costly to the buyer than that furnished by the regular life insurance companies; but, on the other hand, as the companies are willing to take very small amounts, thousands insure in this way, who would not be able or willing to insure in any other. Thus a great benefit is experienced from establishing such companies. All well-managed associations which have for their end the collection of the surplus of the working classes, perform a useful service. Much of the money thus invested or expended would be quite lost to the workingmen, probably, if these institutions did not exist. But the States cannot be too careful in looking after their administration, so that no bankruptcies shall happen.

The National Sinking Fund.—The national sinking fund was established by the act of February 25, 1862, which authorized the issue of United States notes, and provided for the redemption or funding of them, and for funding the floating debt of the United States. It is provided in that act that all money received for duties on imported goods shall be set apart as a special fund, and shall be applied—"First, to the payment of the interest on bonds and notes of the United States; second, to the purchase or payment of one per centum of the entire debt of the United States, to be made within each fiscal year after July 1, 1862, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct." This was supplemented by the act of July 14, 1870, which authorized the refunding of the national debt, and which provides that, "in addition to other amounts that may be applied to the redemption or payment of the public debt, an amount equal to the interest on all bonds belonging to the aforesaid sinking fund shall be applied to the payment of the public debt." This law was not enforced until 1869, when the sum of \$8,691,000 was applied to the sinking fund for that fiscal year. The total amount applied to August 1, 1888, is \$722,602,333, of which about \$666,000,000 came from interest-bearing bonds and the remainder from United States notes and fractional currency. In executing the law, the Secretary of the Treasury ascertains at the close of each fiscal year how much money will be required to satisfy the sinking fund for the coming year, and then proceeds from time to time during the year to purchase bonds, using the surplus funds for this purpose. When the purchase is made the bonds are destroyed, and that amount of obligation ceases to exist. These redeemed and destroyed obligations constitute the sinking fund, and the purpose of this fund is to discharge the pecuniary obligations of the Government by applying a prescribed sum each year to "the purchase or payment of the public debt." That the enactment and faithful execution of this law have powerfully contributed to strengthen the national credit is unquestionable. Yet at every session of Congress, bills are introduced for its repeal. No matter how plethoric the national revenue may be, the national credit would suffer if some portion, at least, was not regularly applied to reduce the debt. It is true that a smaller amount might be annually applied without impairing the national credit, but the continuance of a fixed purpose to pay the debt, and the discharge of a portion regularly, are vital elements in the problem of national credit, and which should be preserved at all times.

Bankruptcies in New York.—Mr. Edward Atkinson has said that "nine out of ten men who engage in business fail." The question naturally arises, How do they do it? The subject has recently been discussed in this fashion by the New York *Tribune*:

After the national bankruptcy law was repealed, failing debtors could, under the law of this State, make preferences in general assignments to the full extent of their assets. As a consequence, there were very few assignments made which did not contain preferences that covered all the debtor's property; and general creditors, as a rule, received no dividends whatever. These preferences were largely given to relatives and friends for alleged borrowed money, and the merchandise creditor would invariably be told by the debtor that the "confidentials" had to be taken care of. After a while the merchants began to attack such assignments, and many were set aside for fraud in the disposition of property immediately prior to the assignment, or on the ground that all or some of the preferences were bogus. Then there occurred a change in the manner of failing; debtors resorted to confessions of judgment, which were invariably given for alleged borrowed money advanced by wives, brothers, fathers, and even sometimes by mothers-in-law.

Under confessions of judgment, the sheriff would take possession of the goods, and the only remedy for the creditors was to replevin them. This procedure, however, often depleted the stock in the sheriff's hands to such an extent that very little was left to apply on the confessions of judgment. The system of giving preferences worked so much harm to the honest creditor class that the Legislature last year limited them to the extent of one-third of the bankrupt's actual assets; and since then it has been questionable whether confessions of judgment, or any other mode of preference beyond the statutory limit, was valid. For this reason, the *Tribune* says that the failures that have taken place since the enactment of the anti-preference law have been characterized by the grossest fraud. A recent investigation among the wholesale woolen merchants discloses the fact that the dividends received by them have not averaged fifteen per cent. on the dollar for the last ten years, and they all complain that the laws favor the failing debtor too much, and that radical changes should be made. This certainly is a very bad showing for the present system, and, without question, some change is imperatively needed. The Legislature would do well to look into this subject. It is more worthy of careful investigation than many of the subjects to which that body devotes attention. Probably one reason why the States have bestowed so little attention to the subject is that a bill has been pending for several years in the national Congress, and, of course, if enacted, would supersede any State law. But Congress has dallied so long, and the prospect of enacting a bill is so remote, that the Legislature of New York, especially, ought seriously to consider the imperfections now existing; and, if possible, devise some remedy whereby creditors shall suffer less than they now do from bankrupt-

cies, through preferences or other advantages obtained by persons who stand nearer to the debtor in relationship, or other interest in his own regard, than the general creditor.

Mexican Dollar.—The Spanish Government, which sometime ago took action against the continued use of the Mexican dollar in the Phillipine Islands, now contemplates coining a colonial dollar for use not only in its Asiatic possessions, but also in Cuba and Puerto Rico. The Mexican dollar is the measure of all values in Puerto Rico, and if it is replaced by a Spanish colonial coin, as now seems probable, Mexican silver will receive another blow. The Spanish Government in that case will buy silver in the United States and South America for coinage, although Mexico will probably be able to sell a portion of the amount needed. But, even in this case, Mexican silver will suffer from the competition of the white metal from other countries. Why the Spanish Government continues hostile to the Mexican dollar does not appear, but such is the case.—*The Mexican Financier.*

A Bank Mayor.—The newly-elected Mayor of Boston, Mr. Thomas N. Hart, has been, as most of our readers know, president for several years of the Mount Vernon National Bank. He had served long and well in the city government, and once before, we believe, had run for the office of mayor, and was defeated by a small majority. Now, by the strenuous efforts of the good citizens of Boston, he has won. The people of that city have reason to rejoice that a man so eminently fit to administer the government has been elected. Mr. Hart's integrity is as well known as his financial and commercial ability, and he will unquestionably prove one of the most painstaking and efficient mayors that Boston ever had.

The British Currency Commission Report.—Elsewhere we have given the principal features of the Report of the British Currency Commission. The only agreement among the members was the following:

The true explanation of the phenomena which we are directed to investigate is to be found in a combination of causes, and cannot be attributed to any one cause alone. The action of the Latin Union in 1873 broke the link between silver and gold which had kept the price of the former, as measured by the latter, constant at about the legal ratio, and when this link was broken the silver market was open to the influence of all the factors which go to affect the price of a commodity. These factors happen, since 1873, to have operated in the direction of a fall in the gold price of that metal.

The New York *Times*, in commenting on this report, has given a very clear presentation of the difficulties in the way of solving

the question lying at the bottom of the inquiry whether gold has appreciated in value or silver has depreciated; or whether the values of both metals have been affected. "Whether the change in the price of silver, as measured in gold, which has been so marked, and for so long a period has been steadily in a downward direction, is due to a depreciation of silver or an appreciation of gold; whether, if it be the former, the depreciation is due to an increased supply or a diminished demand, and, if it be the latter, whether the appreciation is due to a lessened supply or an augmented demand—on these questions, which lie at the base of all rational inquiry, the Commissioners have been unable to reach any clear determination. At the present stage of the inquiry it would seem that the problem hardly admits of solution. There are certain facts perfectly well known. These are the fluctuations in the gold price of silver. But whether these be due to the depreciation of silver or the appreciation of gold cannot be determined so long as it is not, as so far it has not been, possible to distinguish between the effects of these two causes. They are, in the present condition of our knowledge, substantially identical. Indeed we have only varied the form of the question. Silver has unquestionably depreciated as compared with gold, for the gold price has fallen. *Vice versa*, gold has appreciated with reference to silver, for a given quantity of it will buy more silver. If we then undertake to determine the course of either metal in its power to purchase other things than the second metal, we encounter obstacles that have so far proved insuperable." The commission leaves the question as unsettled as before; and commerce must continue to make its exchanges, to contract debts and to pay them, without any help from this quarter concerning the future status of silver. Four members of the commission did recommend an issue of two and a half and five dollar small notes, based on silver, but the other two members dissented even from this recommendation. While there has been a good deal of talk of introducing one pound gold notes into Great Britain, this recommendation, we believe, is quite new, and it is by no means certain that either proposition for gold or silver notes is likely to be adopted. The truth is, the present monetary arrangements of Great Britain are quite satisfactory to the people of that nation; at least the majority of them think so, and as long as they do, no change is likely to be made.

Western Farm Mortgages.—From time to time we have given some account in the MAGAZINE of the way in which money has been borrowed by Western land owners, secured by mortgage. We have shown how hazardous were these mortgages for the land

owners, and now they are beginning to pay the full price for their money. In thousands of cases they have been persuaded to borrow when they might have escaped by a slight sacrifice. Now that the crops have failed in some sections of the West, particularly in Kansas, we are beginning to hear of the foreclosure of mortgages. Companies have been formed there to buy the land under foreclosure, and to hold it for better times; but it is suspected that this company is composed of those who own the mortgages, and that the end will be a change in land ownership. The *New York Journal of Commerce* has the following timely words on this subject:

Illinois keeps the run of her farm mortgages. These show rapid yearly advances in the area covered. It now amounts to nearly 8,000,000 acres, pledged for about \$124,000,000. The tremendous strides taken in this overdone business represent not the actual wants of the farmers, but the burning desire of Eastern capitalists to plant their spare funds where they can earn a clean 7 per cent. It is for this reason only that the volume of Western farm mortgages has increased in inverse ratio to the values of the lands concerned.

Illinois papers, which are not apt to "run down" values in that State, frankly declare that, with the exception of localities near great cities or promising industrial centers, farm lands are cheaper than they were. The best test is that afforded by an inspection of the farm buildings. If his business is profitable the farmer improves his house and enlarges his barns. If not, he patches them up or neglects them altogether. Judged by this infallible criterion, the Illinois farmers are not very prosperous. The security they offer should be closely scrutinized before it becomes the basis of a loan. The depreciation in Illinois farms is placed by one authority as high as 20 to 30 per cent. in the past eight years.

The farmer squirms under the financial pressure. Repudiation is not in his power, even if he had no scruples against it. The best that he can do is to seek additional protection against the sacrifice of his property at foreclosure sales. In Kansas the unfortunates are agitating for the passage of a bill giving the mortgagor three years to redeem his farm on paying back its sale price with interest. In the interval the title would remain in custody of the county register. In a similar spirit, it is proposed to reduce the interest rate of farm mortgages. The movement now going on in Kansas will doubtless be imitated in other States where a like necessity exists. Such legislation, while securing the farmer, would only make his arable land less attractive to the intending mortgagee at the East.

If, perchance, anybody still fails to see the moral of the foregoing facts, we repeat that great circumspection should be observed in all the preliminaries of investing money in Western farm mortgages.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF A CASHIER.

[CONTINUED.]

With respect to his authority to do business outside his bank it was long ago decided that he could receive deposits. This decision, however, was in Kentucky, and probably would not be regarded as a safe precedent to follow. The deposit in that case was also received after banking hours and was misapplied. The court remarked, in a suit involving his conduct: "It is true the officers of the bank may not be compelled either to accept or make payment, except in banking hours, and in some cases at their banking house; but if they do so at other times and places and misapply the funds of the bank, we have no doubt they become officially liable, and their sureties must be responsible for such acts." (*Pendleton v. Bank of Kentucky*, 1 T. B. Mon. 171, p. 181.) The court also added: "We view a cashier as holding his office at every time and place," but though this "view" may have been correct in that State in 1824, when Pendleton's case was decided, doubtless this migratory and unceasing character no longer attaches to the office. But a cashier of a national bank can certify checks outside his bank, and transact such business which, from its nature, must be done outside one bank or the other when two are the contracting parties. (*Merchants' Bank v. State Bank*, 10 Wall. 604.)

"A notice to a cashier," says Chancellor Pennington, "is notice to a bank. This must be the rule, otherwise it will be impossible to get on in the ordinary course of business. There is no officer so directly intrusted with its concerns, especially the details of the business, as the cashier. He is the authorized agent of the company for all the purposes within the sphere of their business." (*Trenton Banking Co. v. Woodruff*, 1 Green, N. J. Eq. 117, p. 128.)

The directors of a bank may ratify the act of their cashier, and thus make it their own. Of course, knowledge of the act is indispensable to ratification. To be effective, this must be made with a full knowledge of all the material facts. (*Winsor v. Lafayette County Bank*, 18 Mo. App. 665; *Baldwin v. Burrows*, 47 N. Y. 211.)

What action then on their part will operate as a ratification? If a cashier should endorse on notes the payments made thereon, and should satisfy the mortgages given to secure them, for four

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years or more, such conduct known by the directors will be regarded as authority to do these things and a ratification by them. (*Ryan v. Dunlap*, 17 Ill. 40.)

If a cashier should borrow money for a bank and give its note therefor, and the directors should appropriate the proceeds, this would be a ratification of his act. On one occasion, when a bank had appropriated money thus raised by the cashier but was unwilling to pay it, Dixon, C. J., said: "No man can avail himself of an unauthorized act to his advantage, and then reject it to the injury of the other party. The benefit arising from ratification has its corresponding burden, and the parties thenceforth become reciprocally bound." (*Ballston Spa Bank v. Marine Bank*, 16 Wis. 120, p. 134.)

The knowledge of the cashier cannot be regarded the knowledge of the bank, and effect the ratification of an illegal contract to which he is a party. Thus a cashier who was forbidden from becoming a debtor to his bank borrowed money therefrom through another person. The bank had no knowledge of the transaction, and was therefore not bound by it. Said the court: "In order to bind the bank by such a contract, it should be shown affirmatively either that the bank authorized such a contract, or, with full knowledge of the same, ratified it. The fact that the cashier who was a party to this illegal contract knew it and ratified it on behalf of the bank will not do; it must be shown that other persons, who were authorized to act for the bank, knew of this contract, and either authorized or ratified the same; otherwise the bank will not be bound. To hold otherwise would be to lay down a rule which might ruin every moneyed institution in the land." (*Savannah Bank & Trust Co. v. Hartridge*, 73 Ga. 223, p. 228.)

The acts of a cashier performed within the sphere of his authority are binding on his bank. (*Badger v. Bank*, 26 Me. 428.) Says Swayne, J.: "Corporations are liable for the acts of their servants while engaged in the business of their employment in the same manner and to the same extent that individuals are liable under like circumstances." (*Merchants' Bank v. State Bank*, 10 Wall. 604, p. 645.) Two questions, therefore, confront us: first, what is his sphere? and secondly, is the act in any particular case within his sphere or outside it? In answering the first question: "It extends no doubt," said Sharkey, C. J., "to all acts which peculiarly pertain to his office, in the absence of any express regulation. But if there be an express regulation, that, of course, limits the sphere of his action. The directors may prescribe every duty he shall perform, and the manner of its performance, and the sphere of his authority is then confined within the limit so prescribed." And in order to avoid the acts performed in the discharge of his ordinary

duties, "it devolves upon the corporation to show a special restriction." This "must not arise from the charter alone, but from a limitation imposed upon the cashier by the directors." (*State v. Commercial Bank*, 6 Sm. & Marsh 218, pp. 236, 237.)

In the case of the *Merchants' Bank v. State Bank* (10 Wall. 604), the United States Supreme Court, speaking through Judge Swayne, approved the language of Judge Selden in determining the liability of a bank for the conduct of its cashier. "Persons having no voice in his selection are obliged to deal with the bank through him. If, therefore, while acting in the business of the bank and within the scope of his employment, so far as is known or can be seen by the party dealing with him, he is guilty of misrepresentation, ought not the bank to be responsible?" (Page 646.) And elsewhere in the same opinion (page 650) the court say that persons dealing with a bank in good faith have a right to presume integrity on the part of the cashier when acting within the apparent sphere of his duties, and the bank is bound accordingly." (*Farmers & Mechanics' Bank v. Butchers & Drovers' Bank*, 16 N. Y. 133.)

What specific acts are within his authority? The transfer of the bank's securities in payment of its debts. But he may transcend his authority in this regard, and if he should, "it would still be competent for the party sued to controvert the fairness of the transfer by showing that it was not made in the regular course of business, but in prejudice of the rights and interests of the bank. Where this is the case, no title could pass to the assignee, and, consequently, no action could be maintained by him. (*Everett v. United States*, 6 Porter, Ala. 166, p. 181.) To give a receipt for money paid to his bank, and to enter it on the books, are acts within his sphere, and which, therefore, bind the institution. (*Badger v. Bank*, 26 Me. 428.) But if he should direct a sheriff to levy on goods to which the bank has no right, and should give him a bond of indemnity as security against any loss that he might incur by selling them, the bank could not be held liable without showing that the act was done by its authority. (*Watson v. Bennett*, 12 Barb. 196.)

If a cashier does an illegal thing for his bank, which receives and retains the benefit, it is the bank's act, for which it can be held responsible. Thus, in Georgia, a cashier, with the knowledge of the directors of his bank, evaded the law requiring a deposit of specie in organizing, by giving its notes to another bank for a specie certificate of deposit of \$250,000, the payment of which was not to be demanded. The consequence was, it could not recover payment of the bills of the other bank, or its assignee, or stockholders. (*Robinson v. Bealle*, 20 Ga. 275.)

"The president and cashier, and other executive agents of a cor-

poration, are sometimes permitted by the directors, without express authority, to do acts not within the sphere of their official duties or agencies, and are thus held out to the public as having authority to do such acts. In such case, the corporation will be bound by the acts of its agents, on the ground of implied authority." (Ruggles, J., in *Hoyt v. Thompson*, 5 N. Y. 320, p. 333.)

With respect to the cashier's liability for subordinates, Prior, C. J., has said: "The cashier is not an insurer of the honesty and fidelity of those who occupy subordinate positions in the bank, and while it is his duty to supervise and control the affairs of the bank and its officers under him, in the discharge of their duties, he is required only to exercise that diligence in regard to the action of his subordinates consistent with the discharge of all his duties in connection with the bank, exercising that care and skill that is reasonable and practicable. He is not required to examine by actual inspection every original entry made by those under him, but his care extends to a general supervision of the books and affairs of the bank; and when it is shown that he has exercised such diligence as a prudent man would in the control of those under him, and in the supervision of their work, he has discharged his duty." (*Batchelor v. Planters' National Bank*, 78 Ky. 435, p. 446.)

In the above-mentioned case, the teller and general bookkeeper embezzled a large amount of money, and the institution sought to recover it from the cashier, on the ground of negligence in conducting the business of the bank. The court said: "The right on the part of the bank or its directory to appoint, control, and direct the labors of its subordinates, subjecting their work to the supervision of the cashier, must necessarily be implied from the character of such institutions. The position assigned a particular subordinate in the bank may afford facilities for him to plunder his principal, and render it more difficult to detect the fraud when perpetrated; still it does not increase the diligence required of the cashier. As the chief financial officer of the bank, the cashier has certain duties to perform, and if the board of directors have placed a subordinate in a position where he can perpetrate a fraud by making false entries without being detected, unless by the exercise of the highest degree of diligence, the fault cannot be attributed to the cashier, unless he has knowledge of the fact that such frauds are being perpetrated." (Page 444.)

[TO BE CONTINUED.]

THOUGHTS ON INVESTMENTS.

At this distance in point of time, it is highly entertaining and not entirely devoid of profit to study the history of the times of John Law, including his elaborate scheme for the payment of the French debt, and also to review the rather fascinating record of the rise and collapse of the famous Mississippi and East India bubbles. As one reads, it is hardly possible to avoid the contagion of a certain enthusiasm, which, at the time, indeed, was as potent as real, but which, seen in the retrospect, never fails to provoke wonderment. It is more than a century and a half since Law surprised and confounded all Europe by the dash and recklessness of his financial (if I do not abuse the term) scheming; and yet, I am not prepared to say that the world has in any degree profited by the example of his failure and disgrace. There has always seemed to be the same willingness on the part of silly mortals greedy for pelf, to be duped, cajoled or flattered, as the case may be, into doing, for the sake of anticipated gains, that which rebels against every instinct of reason or of practical sense. In this respect the descendants of Law are, and have been, very numerous in the earth, verily, "like the sands of the sea for multitude"; and the army of victims which is yearly led to the slaughter seems not to diminish as the years go on. And so long as there are those who are willing to take the chances of a lottery, there will be those also who will be only too glad to profit at their expense.

We have referred to the times of Law, simply to illustrate a tendency in the human mind—a tendency no stronger then than now, although at that time its essence may have appeared in a somewhat concentrated form—namely, to regard first impressions and immediate results as of paramount importance, instead of giving proper weight and prominence to considerations affecting our future and ultimate welfare. It may not be true, and yet it sometimes seems as if this tendency appears in its most aggravated forms when regarded from the standpoint of an individual's pecuniary interests, as applied to matters of investment. Certain it is that if, in the conduct of their business affairs, the average of men were as little mindful of the conditions of permanency that should attend the same, as would seem to be the case with the average investor in regard to his financial concerns, the record of disastrous failures would be much more startling than at present.

There is a recklessness that seems to be contagious, which, at

times, takes possession of those having unemployed means, prompting them to some of the most absurd freaks of judgment in the use of the same. The more unusual and unheard of the object presented, the greater seems to be the impulse to invest in it; a strong attraction always being, in such cases, a goodly rate of interest.

Somebody has very well said, "The love of interest is the root of most pecuniary losses." We are not prepared to gainsay the truth of the statement. On the contrary, it is all too evident that, if it were not for an attractive consideration in the shape of interest, the multitudinous array of doubtful investments annually placed upon the market would soon find a deserved oblivion. Such is the credulous state of mind of the average investor that some of the most unheard-of schemes for extorting money find ready patrons, and for no other reason than that they guarantee fabulous returns in the shape of dividends. What is the moral to be drawn from these facts? It is this—very simple and plain, and yet how slow to be understood and appreciated—never loan one dollar without the best available assurances that the principal is secure. For, of what avail is it that you are promised, and may actually receive, a large percentage in return, if thereby you put in jeopardy, nay, more, actually put beyond your reach, the principal of your investment? A single loss in principal, however small proportionately, may more than offset years of actual income in excess of rates paid by absolutely safe investments. Hence we are bound to affirm, again and again, that it is unwise, more, it is foolhardy, to run the risk of sacrificing any portion of the principal of an investment merely for the sake of large interest.

It would be a very valuable and profitable calculation for anyone having occasion to invest any considerable amount of money, to compute how trifling a loss of principal it will take to wipe out completely any excess of interest that may result from a loan on doubtful security—and it is only from securities involving an element of risk, in one form or another, that this "excess" is derived. For instance, the sum of \$1,000 invested at five per cent.—a conservative rate for absolute safety—will, in five years, yield a return of \$250 to the investor. The same sum for the same time at the rate of eight per cent. will yield \$400. Here is a difference of \$150 in interest in five years' time, representing the difference between safety and risk in your investment. In other words, for the sake of an additional income of \$30 a year you are putting in peril \$1,000, the whole or a part. The loss of fifteen per cent. of the principal at the end of five years would not only wipe out the excess of \$150, but would impair the principal for future use. And, out of a number of investments of

this class, the loss of the principal of but one would very likely wipe out the entire interest account resulting from the other investments.

In this view of the matter is it not evident that a becoming prudence in the desire for a satisfactory return on money invested will, during a series of years, result in a larger net income than, in nine cases out of ten, is likely to follow from investments made under the artificial allurements of excessive interest? It has been our fortune to know of so many instances where people, with the best of intentions, have, in an unguarded moment, and solely for the sake of two or three per cent. interest, placed their savings where there is no hope of their ever seeing them again, that we are obliged to query, again and again, why it is they will be so foolish. But we are met by the familiar refrain at every remonstrance on our part: "Money is too cheap; I cannot afford to leave mine at four and five per cent. interest." Cannot afford to? Certainly you cannot afford to lose the principal. The principal is the thing to be guarded with the most jealous care; interest is but a secondary matter. Always make sure of the principal, and the item of interest will, with ordinary care and judgment, take proper care of itself. This rule will apply not less forcibly to financial institutions than to individuals. In fact, it is the governing law of the strongest and most respected financial institutions of the country, and such institutions as have not learned to respect this law are to be avoided; they account for the wreck along our commercial coast.

It may be true that money ought to be worth more than it is, say from four to six per cent. per annum. It is a fact that it has been worth more in this country, but the times and conditions are changing. It must be considered that the wealth of this country has doubled within a comparatively few years, and is likely to double again within a decade. Our resources are no longer limited; on the contrary, they are superabundant. This means low prices for everything. Will money be the exception? Not where demand and supply are unfettered in their operation. We may continue to hope and to clamor for higher prices for money, but so long as the Government can borrow at less than three per cent., there is little probability of any remarkable inflation in current rates for the same. The Government may always be taken as the standard for absolute safety, and it has been already sufficiently demonstrated in practice, that, to depart from this standard more than two or three per cent. entails a risk which the prudent investor has no right to assume.

We would say, then, that, to hope or expect for the use of money, under existing conditions, a higher maximum rate than

six per cent., except in rare instances, is, in our opinion, an error of judgment, and likely to lead in a majority of cases to disastrous results.

It is safe to say] that, out of the vast multitude of investments placed upon the market from month to month, a small percentage only is worthy of any consideration, except to be avoided. Indeed, it has come to be the part of wisdom to study not what to choose, but what to avoid. Having made proper eliminations of such securities as are worthless or of doubtful value, it will not be so difficult to select from those that remain, something that will commend itself.

Again it is all too common a practice, especially among small investors, to ask advice of parties who are themselves interested in certain classes of securities. It is not within the bounds of human reason or nature to hope for or expect wise counsel under such circumstances.

It matters little how honorable or how candid in judgment such an adviser may be, if he has for sale securities which to his mind seem desirable, he will invariably be inclined to recommend them. Personal interest will, for the time, warp his judgment in favor of that which, under other circumstances, he would not fail to disapprove.

Again, do not expect to buy good securities at other than fair prices. A good thing always has a market value. This is not less true of stocks and bonds than of merchandise; in fact, of the former it is more true than of general merchandise. Nothing can be more illogical in practice than to hope to get satisfaction out of that which costs but little, simply because it is cheap. Merit is desirable, even if it costs; and it always does cost. So, in the realm of investment securities, it is always prudent to make sure of a good article, not hoping or expecting to get it below the ruling rate for its class.

As a rule, it is not well to be in haste in making investments. It is seldom that good securities are not to be had; and if there appears to be a scarcity at the desired moment, it is safer to wait than to take the chances of an inferior or unfamiliar article. Undue haste at such junctures is a prolific cause of unsatisfactory investments.

Never be afraid to investigate. An investment that will not stand the glare of the sunlight is not to be desired. In the commercial world, those individuals or corporations that are chary of having their affairs investigated as a basis for credit, cannot long maintain an honorable position among their kind. No less is it true in the financial world, that no enterprise, asking the aid of an individual's money, has a right to any recognition.

except under the full exposure of the most searching investigation. And it is perfectly safe to assume that nothing is more distasteful to, or less to be desired or encouraged by those having unreliable investments to offer, than just such inquisitiveness on the part of patrons. If this healthful spirit of inquiry pervaded the ranks of the investing public more generally, a very effectual remedy for the existing state of things would be found.

In the commercial world it is accounted a wise and foresighted policy to study to know when, in the ever-changing conditions of the market, it is best to buy. This policy operates with peculiar advantages in the money market. The man who is on hand to take advantage of any upheaval in the financial world is generally the gainer. The disturbance may be temporary only; it may be "announced by all the trumpets of the sky," or it may come suddenly and without a single note of warning—it matters not what may be the peculiar circumstances that may attend the favoring change—it may be all along the line of investments, or it may be with but one—he who would reap the advantages of the situation must be ready and on the alert. There is always a best time to buy. To know just when this time is, in the case of individual securities, and when there is no depression in prices, necessitates, in most cases, a knowledge of the peculiar financial conditions and prospects of the enterprise in question. This information is very often attainable by those not on the "inside." The public press is a great educator and informant in these matters. If the earnings of a corporation are on the increase, and from what appear to be permanent sources, the fact is made known at once in the financial columns of the daily papers. A shrewd observer might interpret this to mean in a particular instance, a larger return to the stockholders, and act accordingly. The prospect of a favorable consolidation between rival concerns, to the advantage of one or the other or both, would be a suggestive bit of information to some men, while the hint that a certain prosperous company was considering the advantages of an increase of capital stock, would be sufficient to suggest the possibility of a stock dividend to others. In fact, these and many kindred hints in regard to what may be to the advantage of investors may be the property of one who has his eyes and ears open, or who will take the trouble to compare notes with those who are well informed in such matters.

The general rule in regard to investing has always been that it is a good time to buy when others are selling, and the general principle thus stated is a good one. It requires courage, and especially it requires undoubted good judgment, to stem the current of popular disfavor or timidity; and yet, when it is done

successfully the results are commensurate with the risk assumed.

One other rule experience has taught to be wise and wholesome if followed in matters of investment, and it is, to "scatter." Do not invest too largely in any one direction. However strongly intrenched in popular favor any enterprise may be, and whatever resources of strength it may have for unforeseen contingencies, there must ever remain the possibility of failure. Against this it is impossible to provide. Hence the only alternative that a becoming prudence can suggest is to cover the field well, before venturing too much on any single line of securities. The field is a large one, and there need be little difficulty in finding satisfactory investments along the lines indicated, where both safety and conservative returns may be assured, provided we bring to the task the same resources of judgment and patient inquiry with which we pursue other affairs of moment.

WM. WOODWARD.

THE PUBLIC DEBT OF RUSSIA.

ITS ORIGIN AND DEVELOPMENT.

BY THÉOPHILE LATY.*

A prodigious total of debt and the limitless prevalence of a terrible deficit advanced to a chronic state—such is the deplorable and nearly hopeless situation of the largest and richest country of Europe. The greatest efforts of Russian financiers, and probably the palliative measures undertaken by Mr. Vishnigradsky, the present Minister of Finance, will be unable to get Russia out of this unprecedented financial crisis. Indeed, the price of the paper ruble has fallen to 40 cents, making it lose about 50 per cent. of its real value; on the Berlin and London exchanges there is a most desperate campaign being waged against Russian securities; just now, it appears, the Government is trying to contract abroad a loan of 300 million rubles.

The large and small proprietors are ruined by the commercial crisis that prevails so perniciously in all branches of industry; the peasant farmers, despite the energetic measures of the tax-collectors, absolutely cannot pay their taxes. On the 1st of January, 1887, the total amount of debts due the Treasury was 1,206,647,357 rubles.

By the terms of the manifest of 1861, the lots of land conceded must suffice to assure the existence of the peasants, and to enable them to fulfill their obligations to the Government; but in reality

* Translated from the French by O. A. Bierstadt.

things have not thus gone off, and rarely can a department be found, where not only these lots of land conceded, but also all the land cultivated, can suffice for the daily needs of a Russian peasant, little exacting as he is.

The larger portion of the State's revenue is composed of the payments made by the peasants, but as these latter are not even assured of a living, there can be no question of a net revenue, which alone is the object of equitable financial operations. At present the enormous taxes weigh with all their burden, not upon the property and net income, but upon individual labor and the gross income. There are some departments, for example that of Nizhnee-Novgorod, where the taxes represent 565 per cent. of the product of the land.*

It is a matter of course that, considering this very unfavorable condition of things, and the enormous expenditures required for the support of the army, the building of railroads, the foundation of schools, etc., etc., the only issue, if issue there is, must be a recourse to loans.

The first attempt to contract a loan was made by Peter the Great. In the time of John Law's splendors at Paris, there was among the Russian travelers the young Prince Ivan Schtscherbatov, very much interested in Law's person and operations. In order to make Law's system known to Peter and to Russian society, Schtscherbatov translated into Russian the well-known work entitled: "Considerations on Money," and gave it the title of "Money and Commerce, Treatise and Plan of spreading Money in the Nation."

These plans evidently pleased Peter very much, and a short time after the fall of Law at Paris (which occurred in December, 1720), on March 1—13, 1721, the emperor, being fond of innovations, gave orders to Gabriel de Pressy to offer to Law "the title of prince, the rank of privy councilor, that of grand marshal of the court, the order of St. Andrew, two thousand souls, the right of building fortified cities and of peopling them with foreign manufacturers." For all this "His Imperial Majesty requires from Law a sum of one million rubles for the Imperial Treasury." In case Law for any reasons whatever should not accept these propositions, the order was given to propose them "to his sons or his sons-in-law, if they showed themselves apt at Law's business." But if they too determined not to accept the conditions offered by Peter, then the emperor "begs Law to inform him under what conditions he would be willing to enter into relations with

* Yanson, Comparative Statistics.

the Russian Government, and in what way His Imperial Majesty can express to Law his sympathy and his regards."*

Peter did not succeed in any fashion in entering into relations with Law, and the first attempts, made in the reigns of Anna Ivanovna and Elizabeth, to acclimatize in Russia the extraordinary means employed abroad by the foundation of banks, did not have any success either. Not until Catherine II.'s time did the situation of Russian finances begin to assume, so to speak, a civilized form. During her reign the expenditures of the State, having largely increased, could not be covered by insignificant receipts, and the financiers of the day were obliged to seek in credit the means of getting out of this embarrassing situation.

With regard to the form of this credit, at that period, considering the inexorable need of money, it could not be the result of independent choice. Under the pressure of absolute necessity paper money had been issued; at the same time loans were contracted abroad, and the sums, which happened to be on deposit, were disposed of as a loan.

From the earliest time the most important form of the State's debt was paper money, because with the aid of this paper money two ends might be attained at once: first, the creation of a new source of supplies for the Treasury, and then the procuring at the same time of money in abundance for the country. Owing to the tact and science of the financiers of that period, among whom the most considerable place indisputably belongs to Prince Viazemsky, the paper money had a great success. The Government, acting very prudently, successively increased the amount. In six years, down to 1774, a sum of about 20 million rubles was issued. But, in spite of this relatively small amount of paper money, the possibility of exchanging it for specie became more and more difficult, so that in 1774 appeared the ukase prohibiting the issue of this paper money to a greater amount than 20 million rubles. Of course this promise could not be, and has not been kept.

In the six years following (1775-1780), paper money was issued again to the amount of 5 million rubles, and in the years 1781 to 1786, when Viazemsky's influence began to decline, and the expenditures arising from the numerous conquests to increase considerably, the circulation of paper money rose to 50 million rubles. The great fall in exchange was sufficient evidence of the approach of danger; to prevent it, the Government commenced to export to foreign countries hemp, iron, and other products belonging to the State, and the money proceeding from the sale of this

* Pekarski, *Science and the Arts at the time of Peter the Great*, pp. 243-247. Kaufmann, *Public Debts*, p. 185.

merchandise was intended to cover the debts. At the end of Catherine II.'s reign paper money had been issued to the amount of 150 million rubles.

Loans in foreign countries were also introduced by Catherine II. At that time the foreign loan was understood as a sort of arrangement concluded between the State and the Dutch, Swiss, and Italian bankers, to whom the Government only applied in case of great necessity, when the internal credit was completely exhausted. The first office of this kind was founded by Italian bankers in the Middle Ages, when among their principal customers they could count the kings of France and England. In the time of Cardinal Richelieu the rate of interest was up to 25 per cent.

The first loan abroad was made in 1769 under conditions relatively hard for Russia. The loans were principally contracted of the Dutch bankers: first, at Amsterdam, of De Smith, and afterwards, and most frequently, of Hope & Co. The total of all the foreign loans amounted at the end of Catherine II.'s reign to 41,404,681 rubles. They were made at the rate of 5, 4½, and 4 per cent.

The third form in which State credit appeared in the days of Catherine II. is not sufficiently defined. The credit institutions founded in 1773 and 1786 had not yet had the time to be developed, but they contained in themselves the germ of an original form of debts, which was afterwards to play an important part in the Russian financial system. The exact accounts of this species of loan are not published. It is, however, certain that in 1798 a sum not exceeding 7 million rubles was due by the Treasury to the loan bank. If we add to the State's debts the sums which the Treasury owed to the capitalists (17,570,000 rubles), and adding all the figures at our disposition, and drawn from official sources, the total of the State's debt at the end of Catherine II.'s reign may be estimated at somewhat over 215,000,000 rubles.

It would be very interesting to pursue the second phase of the development of the Russian Government's credit, for this phase coincides with the particular circumstances in which the States of Europe found themselves at the time of Napoleon I.'s great wars. On account of limited space we regret our inability to enter into details, and that we can only give general views.

In Paul I.'s reign the changes that took place in the financial situation of Russia were relatively of little importance. During his whole reign less than 51 millions of paper money was issued, so that the total circulation did not exceed 200,600,000 rubles, but its value had sensibly diminished; the premium on silver already

reached to about 50 per cent., and the paper money lost one-third of its value.

By the ukase of 1798 the external debts of Poland were united to those of Russia, and in this way increased the Russian Government's real debt (about 62,000,000 florins) by 31,000,000 florins; or, reckoning at the price of the day the florins of that time (0.75 copecks), Russia's whole external debt amounted approximately to 70,000,000 rubles. These debts, by the ukase of the same year (1798), had to be redeemed in the space of twelve years, that is, in 1810.

The campaigns of Napoleon prevented any placing of loans in foreign countries, so that Russia was compelled to profit by the subsidies of England, which, between 1792 and 1816, put at the disposal of the European States more than £57,000,000 (356,250,000 metallic rubles). There came to Russia of this sum £9,533,329 (59,583,306 metallic rubles), or, at the rate of that time, about 210,000,000 paper rubles.

According to the information furnished to the Economic Department of the Council of the Empire about 1810, the entire debt of the Russian Government, both internal and external, already amounted to 816,941,894 rubles.

The paper ruble, which still retained in 1807 two-thirds of its value, was worth, in 1808, 54 metallic copecks; in 1809, 44 metallic copecks; in 1810, although almost no new issues had been made, it continued to fall, and was no longer worth over 25 metallic copecks.

It was just at this time that Napoleon's real campaign against Russia began, and the expenditures in prospect were considerable. From 1812 until the end of the war, new paper money was issued to the amount of about 250,000,000 rubles. About 1816 the State's internal debt amounted to 1,095,066,707 rubles, and, adding to it the external debt, the prodigious total is reached of 1,202,376,707 rubles. Such was the financial situation of Russia after the great campaign of 1812. Several Russian economists estimate, not without reason, that Napoleon's campaign cost Russia 1,000,000,000 rubles.

To compare Russia's financial situation with that of other civilized countries, we give below the comparative table of the debts of the different States, which we borrow from M. Leroy-Beaulieu:*

"In 1820, the time when the liquidation of the great wars of the beginning of this century and the end of the last was completely finished, the capital of the national debts amounted, according to Mr. Dudley Baxter, to about \$7,600,000,000, thus distributed among the different countries:

* *Traité de la Science des Finances*, Vol. II., p. 593.

Great Britain and Ireland.....	\$4,510,000,000
Holland.....	720,000,000
France.....	700,000,000
Austria.....	495,500,000
Prussia and Germany.....	265,000,000
Spain.....	260,000,000
Russia.....	250,000,000
Naples.....	100,000,000
Portugal.....	40,000,000
Denmark.....	21,500,000
United States.....	136,000,000
Latin America.....	15,000,000
English India.....	145,000,000

Total for the civilized nations.....\$7,658,000,000

Thus, it is seen, Russia already occupied, in 1820, the seventh place among the greatest powers, so far as concerns the figure of their debts.

Until the end of the great wars all the European powers issued an enormous amount of paper money. When the critical period of their necessity of making these issues had passed, a general fear seized upon society at the mere idea of seeing paper money in circulation. Paper money had entirely lost credit in the whole of Europe, and, between 1816 and 1854, during thirty-eight years, the Governments avoided making new issues. During this time all the Russian statesmen concentrated their efforts with a view to the reduction of the Empire's enormous debt.

We shall not undertake to criticize the measures adopted by the Russian financiers, because this analysis would require a much more detailed explanation of their system. We shall confine ourselves to saying that Count Gouriev, then Minister of Finance (until 1822), could only withdraw from circulation 240,223,960 rubles of paper money, and raise the value of the paper ruble by only 2 copecks; that is, from 25 copecks to 27 copecks. When Count Gouriev yielded the management of the Department of Finance to Gen. Kankrin, whose reputation has been exaggerated, the State's debt amounted to 1,345,000,000 rubles.*

Count Gouriev's greatest merit is in having diminished the

* It was thus divided:

The State's consolidated debt from 1816 to the end of 1823:

Loan made in Holland	107,000,000 R.	95,000,000 R.
6 per cent. loan.....	189,000,000 "	279,000,000 "
5 per cent. loan.....	—	208,000,000 "
Total.....	296,000,000 R.	672,000,000 R.

Unconsolidated debt:

Paper money.....	836,000,000 R.	595,000,000 R.
Loans from banks.....	70,000,000 "	78,000,000 "
Total.....	906,000,000 R.	673,000,000 R.

General total of the State's debt.1,202,000,000 R. 1,345,000,000 R.

unconsolidated debt. Thanks to him, half of the empire's debt, or 672,000,000 rubles against 1,345,000,000, was consolidated, while, at the end of the great wars, three-fourths of the State's debts were not. The extraordinary expenditures occasioned in 1827 by the war against Persia, the Turkish campaign of 1828-29, and finally the repression of the Polish insurrection in 1831, made Russia's financial situation sensibly worse. As early as 1828 the Government was obliged to have recourse to a loan, and for this purpose applied to Amsterdam. This loan was contracted on the previous exceptional terms, which were no longer in use. About 1832, after the Polish insurrection had been suppressed, the general total of the State's indebtedness amounted to about 1,600,000,000 rubles.*

During the eleven years following (1832-1842), the general total of the deficit of the State's budget was 547,321,669 paper rubles. The principal source for covering this deficit was the banks of the States, which were applied to for the contraction of loans (321,104,153 rubles). The second means employed were no more ingenious than the first, and cast a bad light upon Kankrin's financial genius. It consisted in borrowing from the floating capital which the commission of the State's debts had in its hands (186,716,148 rubles). At the time of Gen. Kankrin's leaving the ministry the financial situation had grown very much worse; in 1843 the total of the empire's debt amounted to 2,049,458,868 rubles.

(The consolidated debt 862,148,146 rubles.)

(The unconsolidated debt 1,187,310,722 rubles.)

This enormous figure gives an idea of the capacity of this minister, whose perspicacity and financial talent have been very much exaggerated, and whose only merit, indeed, consisted in the art of skillfully concealing the deficits and presenting the financial situation under the most deceitful appearances.

Between the years 1843 and 1870 the Russian finances were still further involved. During these twenty-eight years the average deficit of each year was 53,644,735 rubles. The chief causes were

* It was thus divided:

	Metallic Rubles.	Paper Rubles.
The two Dutch loans.....	44,384,025	165,220,892
6 per cent. loans.....	72,744,718	269,155,458
5 per cent. loans.....	80,130,500	296,482,850
Total of consolidated debt.....	197,259,243	730,859,200

The unconsolidated debt was thus divided:

	Paper money.....	595,176,210 Rubles.
Loans in banks.....	177,107,140	"
Treasury notes (series) issued for the first time in 1831..	13,000,000	"
Total of unconsolidated debt.....	785,283,350	Rubles.

first, the large extraordinary expenditures occasioned by the Hungarian and Crimean campaigns and the suppression of the Polish insurrection of 1863. And then, because Kankrin's successors, Messrs. Vorontschenko and Brock, were not equal to their task, and were, in point of economic knowledge and broadness of conception, much beneath their celebrated predecessors, Prince Viazemsky, Count Gouriev, and even Gen. Kankrin.

Unfortunately there exist no official statements of the extraordinary expenditures made for these last three campaigns. We are, consequently, obliged to apply some indirect means of making an approximate calculation, by employing one of the methods used for such cases in science and in administration. The best appears to us to be the one applied in England by Gladstone, and which several Russian writers have availed themselves of for the purpose of calculating the extraordinary expenditures occasioned by the Crimean war.

Three years before the Hungarian campaign the expenditures of the Ministry of War amounted to 220,808,345 rubles, and every three years they increased at the rate of 7 per cent. Following this progression, the expenditures between 1848 and 1850 ought to be 237,363,596 rubles, but in reality they were 302,691,720 rubles, or a difference of 65,328,124 rubles more.

For want of direct information concerning the cost of the Hungarian and Crimean campaigns, and the suppression of the Polish insurrection, we are obliged to recur to the means mentioned above. By this calculation we find that the Hungarian campaign cost 65,328,124 rubles, that in the Crimea 528,225,010 rubles, and the expenditures caused by the insurrection of 1863 71,701,457 rubles. Between 1843 and 1870, during these twenty-eight years, the general total of expenditure amounted to 9,356,382,131 rubles; the ordinary receipts did not exceed 7,854,275,543 rubles.

Among the most difficult periods that Russian finances have gone through in the 19th century may be comprehended the interval of five years between 1862 and 1866. The progressive increase of the deficit was striking; in 1862 it had risen to 34,854,444 rubles: in 1863 to 40,181,441 rubles; in 1864 to 90,344,144 rubles.* Russia was then under extremely unfavorable conditions. The social, commercial, and financial crisis prevailed everywhere, and inflicted such a blow upon the country that its effects are felt even now.

In 1848, when the total of the public debts of all civilized countries amounted to \$8,655,200,000, Russia occupied only the fifth place. At the beginning of 1870, all the public debts, amounting

* Accounts of the State Bank. Kaufmann, State Debts, Vol. II., p. 589.

to \$19,554,800,000, Russia's share, passing already to the third rank, was \$1,500,000,000.

At this epoch the interest charge per head of inhabitants amounted as follows: *

1. Australasia.....	\$5.38
2. United Kingdom of Great Britain and Ireland....	3.93
3. United States (with the debts of the States).....	3.59
4. Italy.....	3.50
5. Holland.....	3.02
6. France.....	2.43
16. German Empire.....	0.93
17. Russia.....	0.91
18. Switzerland.....	0.58

In order to present in this article a more detailed explanation of the budget of 1886, and to indicate the chief sources of the State's receipts and expenditures, we shall confine ourselves to mentioning only the total amount of Russia's debt to January 1, 1886, and to considering the Government accounts regarding the execution of the last budget definitively settled (1886).

On January 1, 1886, the general debt of the State amounted to \$1,037,238,839.† The budget of estimates for the year 1886‡ was elaborated and fixed with a very considerable deficit. The revenue figures at 790,752,000 rubles, and the estimated expenditure at 816,000,000 rubles; in reality the ordinary receipts were only 780,680,000 rubles, and the ordinary expenditures 832,390,000 rubles. Whence it follows that the arrears, compared with the expenditures, would present an excess of about 52,000,000 rubles. And, adding to this 2,244,000 rubles, or the balance of 1882, the difference between the ordinary expenditures and the receipts would amount to 49,467,936 rubles, representing the deficit of 1886. A considerable surplus of unforeseen expenditures is the phenomenon that usually appears every year in the budget of estimates.

Formerly, the personal, territorial, and forest taxes, procured for the Treasury over 120,000,000 rubles (in 1878, 122,000,000 rubles), but after, and even before the suppression of the personal taxes, this revenue began sensibly to diminish, which clearly demonstrated the necessity of lightening the burdens that weighed so heavily upon the lower classes. By the imperial ukase of January 1, 1881, the personal taxes (poll tax) were to be gradually suppressed, but they were not finally abolished until 1887. In the budget of 1886 this tax was estimated at 91,500,000 rubles, but in reality it yielded only 86,500,000 rubles about.

The most important revenue from beverages is the excise on

* Leroy-Beaulieu, *Traité de la Science des Finances*, Vol. II., p. 600.

† Government Messenger, January, 1888.

‡ The budget of estimates for 1888 was given in the *Economiste Français* of January 21, 1888, by M. Rafalovich.

alcohol. When the excise system was introduced into Russia (January 1, 1863), the distiller was taxed 4 copecks per degree of alcohol, and in Poland (from 1866) $2\frac{1}{2}$ copecks; about 1882, this tax, progressing successively, reached 8 copecks per degree, and was likewise raised in all parts of the empire, bringing the Treasury annually (1882-1883) 253,000,000 rubles. In 1885 it was again increased to 9 copecks per degree, and in the budget of estimates for 1886 all the revenue from beverages, added up, figure at 250,500,000 rubles, while in reality they yielded the Treasury only 237,000,000 rubles. If from this total we deduct the taxes on beverages (such as licenses, tax on beer, etc.), we reach the result, that the duties were collected on only 24,000,000 vedros* of pure alcohol (100 per cent.), while in 1880-1883 the quantity of pure alcohol paying excise duties was about 29,000,000 vedros.

Can the inference be drawn that in a very short space of time, despite the increase of population, the consumption of alcohol has diminished 16 per cent? Unfortunately such an inference would be quite wrong; the quantity of spirits consumed by the people, far from diminishing, keeps on increasing; but this increase brings nothing to the Treasury, because it avoids paying the duty. In the official account of the collection of taxes in 1883, it is shown that almost the whole population on the western frontier is engaged in smuggling, which is the principal, if not the only business. The smuggling of spirits is chiefly practiced. A large number of very curious cases in the courts confirm the opinion expressed by the collectors. What effect this may have on the Government Treasury can be estimated from the following figures:

When, twenty years ago, a tax was laid of $2\frac{1}{2}$ copecks per degree in the kingdom of Poland, the revenue from this excise was calculated upon 3,500,000 vedros of pure alcohol; but in 1886, when it attained 9 copecks per degree, the total revenue from this tax presented only about 15,500,000 rubles for the kingdom of Poland; that is, deducting the excise licenses on beer, etc., taxes were collected on only 1,500,000 vedros of pure alcohol. Thus, in a period of twenty years, the consumption of spirits diminished nearly $2\frac{1}{2}$ times, notwithstanding the population in that time increased 22 per cent.

The same diminution of the revenue from drink is to be noted in the other neighboring departments. Thus, in 1882, in the Government of Bessarabia, the tax on drink gave the Treasury over 4,000,000 rubles, but afterwards this revenue went on constantly decreasing, in proportion as the tax progressed; in 1886 it yielded only 2,700,000 rubles. Judicial inquiries have proved that the

* A vedro is equal to 1.229 decaliter, or 12.290 liters, or $2\frac{1}{2}$ imperial gallons.

smugglers were very ingenious in transporting spirits in carriages, in double-bottomed sledges, in wood, etc., etc.*

The lower classes, in the form of indirect taxes, pay as much as they can, and if these taxes continue to be augmented, then not only do they bring in no more to the Treasury, but for a long time, if not permanently, they cause a weakening of the productive forces of the population, and increase in greater proportions the number of the people engaged exclusively in smuggling. As at present a certain tendency prevails in Russia to make the 'deficits disappear from the budget by means of new indirect taxes, and to increase certain others already existing, it seems to us very necessary that some consideration should be given to what precedes, and the serious consequences that may result ought to be reflected upon.

The duties on imports yielded in 1886 about 102,000,000 rubles, nearly 5,000,000 rubles more than in 1885. This increase is explained in part, first because the duties collected gave a little more than in other years, and then chiefly because the duties on tea were more considerable (25,000,000 R.) But, although for the time being this augmentation of the duties upon tea may be very profitable to the Treasury, it is difficult to foresee whether it will much longer profit by this increase. The smugglers, until very lately devoting themselves principally to the smuggling of spirits only, are now trying to apply their industry to tea. Indeed, they are beginning to import in double-bottomed vessels not only tea, but even whole bales of wrappers and labels bearing the names of prominent houses, and intended to pack it up in.

The tax on railroad tickets and packages sent by express brought 7,905,000 rubles, or a little less than in 1885. This diminution is because the number of first and second class travelers was less, though the general movement (about 34,330,000 travelers) was more considerable than the preceding year.

With the growth of the State's debt, increase in a parallel manner the debts and arrears due the Treasury. About 1886 the sums

* In Kamieniec, the seat of the Government of Podolia, where I have lived for a long time, there was a very curious trial. In 1883, a man named Ichel Cohen, and his accomplices, were brought before the courts for smuggling. Ichel Cohen, proprietor of a large distillery on the Zbroutch River, very near the Austrian frontier, surpassed all his brethren in audacity, by secretly importing spirits from the other side of the river. The investigation proved that this manufacturer employed the following means:

1. He filled small barrels with spirits manufactured in Austria, and had them transported by workmen; in summer by fording, in winter over the ice.

2. The two distilleries, situated opposite one another, the first in Russia and the second in Austria, and separated by the river, drew over spirits by means of conducting pipes under the water, and with the aid of a pump.

3. Between the two distilleries was suspended a cable, by which kegs of alcohol manufactured in Austria were slipped over.

due amounted to 1,161,443,815 rubles; in the course of this same year accounts were excluded for about 12,000,000 rubles of debts in dispute (not redeemable); nevertheless, at the beginning of 1887 the total of all the debts amounted to 1,206,647,357 rubles, or 57,203,542 rubles more.

As in previous years, the most important of all these debts is that of the railroad companies; it amounted, about 1886, to 981,313,847 rubles; the same year the Treasury excluded about 1,800,000 rubles not recoverable; and yet, in 1887, the debts of the railroad companies amounted to about 1,019,150,000 rubles.

The total of all the Russian Empire's debts, both internal and external, amounted, on the 1st of January, 1887, to the sum of 5,263,952,532 rubles.

It may perhaps be said that Russia's total debt is not so very large, considering her size, her immense wealth, and her population, which, according to the last census, taken in 1885, reached about 109,000,000 inhabitants. Indeed, the share of the debt to each head of inhabitants is, on the average, 48 rubles, 29½ copecks, and each Russian pays on the average a tax of only 8 rubles, while every Frenchman pays a tax of 27 rubles, and the share of the debt to each head of inhabitants is 250 rubles.

But it must not be left out of sight that in reality the number of real Russians fulfilling their obligations to the State is far from the figure of 109,000,000, considering that on the average the number of foreigners entering Russia now exceeds 800,000 a year, while that of the departures hardly amounts to 750,000, and in certain Governments of the West, especially in Poland, the Germans alone form 40 per cent. of the general population,* and finally the average annual income of the Russian people, in spite of the immense wealth of the soil and extent of the territory, amounts scarcely to 6,500,000,000 rubles; that is, each head of inhabitants contributes to the Treasury on only 59 rubles, 63 5-16 copecks, while the average income for each inhabitant of France amounts to 260 rubles.

Following strictly the official documents, and chiefly the Government accounts, we have thus shown the origin and successive development of the Russian debt from the reign of Catherine to the 1st of January, 1887.

We have tried to make evident the difficult, arduous, and perplexing situation of Russian finances, but this sad situation does not proceed from the depreciation of Russia's wealth and productive forces; it is the direct and very natural consequence of an unproductive financial policy that has unfortunately prevailed for a long time.

The principal cause of the unfruitful expenditures, and of this

* Juridical Messenger, February, 1887. Yanjul, Industrial Production in Poland.

chronic, prodigious, and frightful deficit, which obliges the Russian Government to try to contract a new loan in foreign countries and to increase the indirect taxes, is, without any doubt, German militarism, the treaty concluded between Prussia and Austria, October 7, 1879, and finally, that "million of good soldiers on each of our frontiers," which Bismarck boasted of so warmly in one of his speeches to the Reichstag.

BANK CIRCULATION.

COMPTROLLER OF THE CURRENCY'S PLAN.

The present state of things seems favorable to the substitution of national bank notes for greenbacks, and to that end I venture to submit for the consideration of Congress the following measures :

1. Funding in bonds the greenback debt of \$346,681,016, or so much of it as may be presented at the Treasury within a limited period of time, say three years.

2. The bonds to be issued only to national banks presenting greenbacks for that purpose ; to bear a low rate of interest, not exceeding $2\frac{1}{4}$ per cent., and to mature only upon the failure of the bank or upon its dissolution, whether voluntary or upon expiration of its corporate existence.

3. The bonds so issued to be available only as a deposit to secure national bank circulation and to entitle the banks depositing them to receive circulating notes to the amount of their face.

4. Existing banks to be required, for a time at least, to retain on deposit the bonds they now have to the minimum amount required by existing laws, and to use the new bonds only for procuring additional circulation, or in substitution for whatever bonds they may now have on deposit in excess of the minimum, but the new bonds to be available for all purposes by banks organized after the passage of the act.

5. The National Bank Redemption Agency at Washington to be transferred to New York, and a sub-agency to be established at each central reserve city, the notes of all banks wherever situated to be redeemed at whichever agency they be presented.

In support of these measures it may be said :

- 1st. That they provide for the retirement of the greenback circulation without even a temporary contraction of the currency, because arrangements can and should be made to issue the national bank notes immediately upon the presentation of the greenbacks for the purpose of being funded.

- 2d. That upon the retirement of these obligations the \$100,000,000 of gold held in the Treasury as a special fund for their redemption will become an available asset, and may be paid out, adding just that much to the active circulation.

- 3d. With the greenbacks taken out of the category of demand obligations of the Government, the Treasury will be in a better position than now to maintain the silver coinage at par with gold ; and, on the other hand, specie and specie certificates will be held much more largely by the banks than they are now, and this will tend to relieve the strain upon the Treasury.

4th. As the greenbacks will not be extinguished, but held in a state of suspended monetary vitality until the failure or liquidation of a bank requires their use in the redemption of its notes, they will constitute a reserve fund lying in the Treasury ready for use, at any moment of emergency, in the redemption of any portion of the national bank currency that may become discredited.

5th. Assuming that \$300,000,000 of greenbacks will be eventually funded in this way, assuming that the bonds bear interest at the rate of $2\frac{1}{2}$ per cent. per annum, payable semi-annually, and assuming that the present tax on circulation is maintained at the rate of one-half per cent. every six months, the annual charge to the Government will be about \$4,500,000, and against this it gets the use of \$100,000,000 for paying off that much bonded debt bearing $4\frac{1}{2}$ per cent. per annum interest, and escapes the expense of redeeming and renewing the legal-tender notes.

6th. Even if the entire \$4,500,000 per annum should be added to the permanent expenses of the Government, it would be but a small price to pay for the service which the banks will render both to the Government and to the public through the instrumentality of such a circulation as theirs will then be.

7th. The moderate profit of $1\frac{1}{2}$ per cent. per annum will be materially reduced by the expenses of redemption and supervision, including loss of interest on the redemption fund, so that the banks will not realize quite as much as the Government pays, but still it will probably constitute a sufficient incentive to banks to fund all the greenbacks they can, and when the whole issue is funded, whatever amounts are from time to time paid out in redemption of the notes of failed banks will probably be collected and presented afresh, in order that circulation may be obtained for them.

8th. The public will be benefited by having a bank-note circulation amply secured, and of which every note is redeemable in coin or in a certificate representing coin actually on deposit in the Treasury, and redeemable, too, not only at the bank which issued it, but at any central reserve city; a circulation large enough in volume to admit of easy and prompt adjustment to the varying needs of different localities, its flexibility secured by the constant pressure of the Government tax on the one side and the constant inducement of the bond interest on the other, while the numerous points of issue and their wide distribution over the country afford ample protection against combinations or other devices for artificially expanding and contracting the circulation.

9th. With such a resource at hand we may view with indifference the transfer abroad of a large part of our burdensome and unprofitable stock of gold, where it will be more useful to us in expanding the markets for our exports of agricultural products than it can be here locked in the Treasury.

10th. The national bank system will be restored to healthy activity and stimulated to fresh growth, especially in those parts of the country where banks are most needed and are now found in least numbers.

THE ENGLISH CURRENCY COMMISSIONERS' ARGUMENTS AGAINST AND IN FAVOR OF A DOUBLE STANDARD.

(PART II. SIGNED BY LORD HERSCHELL, HON. C. W. FREMANTLE, SIR JOHN LUBBOCK, AND MESSRS. T. H. FARRER, I. W. BIRCH, AND LEONARD H. COURTNEY.)

AGAINST THE DOUBLE STANDARD.

We have yet to consider whether the adoption of the bi-metallic system, even if it did effect a cure of all or some of the evils at present experienced, would be itself productive of mischief as great or greater.

We have already pointed out that, so far as the finances of India have suffered from the fall in the gold price of silver, the burden due to this cause would then become permanent.

It is also obvious that if, and in so far as the gold price of commodities has fallen owing directly to the fall in gold price of silver, that fall would, other things remaining the same, be permanent also, and the chance of some rise in these gold prices, due to a rise in the gold price of silver, would be lost.

But if, on other grounds, the adoption of bi-metalism were deemed expedient, we should not regard this as a fatal objection, or as counterbalancing the advantages to be obtained from it.

There are other reasons against its adoption, deserving of far more serious consideration.

It is alleged that the position of England as the financial center of the world depends greatly upon the fact that she has, and has for a long time enjoyed, a gold standard.

This is no doubt strenuously controverted, and it is asserted by other authorities that the financial position of England is in no way bound up with the circumstance that she is mono-metallic, and that her standard is a gold one.

We need hardly dwell upon the fact that the financial position which this country occupies is a matter of immense importance; that the risk even of interfering with it, or of taking any course which could reasonably be expected to affect it, is not to be lightly encountered; and even those who do not entertain grave apprehensions of a disturbance of existing financial conditions, if we were to depart from mono-metalism and accept the bi-metallic standard, cannot dispute the fact that the existence of such apprehensions is not to be treated as a trivial circumstance, or one to be lightly regarded.

The danger may be enhanced by the circumstance that the mere fact of one change having been made would lead to the apprehension that others might follow.

It has not been suggested by the advocates of bi-metalism that we ought, if that system were adopted, to prohibit contracts requiring performance by the payment specifically of one or other of the precious metals; and in the present state of financial opinion and practice it seems by no means certain that such contracts, if permitted, would not be common.

The result of this might be not only to cause some strain upon the bi-metallic ratio, but to send gold to a premium, and to produce considerable financial disturbance.

A further danger to be apprehended is that the nations who were parties to the bi-metallic arrangement might not continue to adhere to it.

It may be difficult to suggest any motives which should make it their interest to secede; and it may be capable of proof that any country violating the international compact would subject itself and its people to loss and serious inconvenience; but, unhappily, enlightened self-interest is not the only motive of the political action of nations, nor is self-interest always enlightened. A desire to inflict injury may often exercise as potent an influence as self-interest, and the idea that the financial position of one country might be endangered with a resulting advantage to other countries might well afford a sufficient motive for action.

Any such departure from an international compact might indeed set this country free again to act as she chose, but if the result were to compel her to revert to the system she had abandoned, she would undoubtedly find herself in a position worse and fraught with greater evils than if she had maintained her existing standard.

At present the action of this country is unfettered, and not dependent upon the course taken by any other power. This condition of freedom would cease as soon as she became a party to an international agreement.

Dangers arising from this cause would be aggravated if it were found necessary, as we think it would be, to embody in an international agreement detailed stipulations with regard to the coinage, currency, or internal financial arrangements of the several countries joining in it.

Another serious consideration is that the governments as well as the banks and financial institutions of particular countries might, notwithstanding the existence of a bi-metallic system, seek to accumulate gold. It may truly be described as at present the more esteemed metal of the two. There has certainly been a tendency of late years to substitute it for silver as the standard, and to use it to an increased extent for currency purposes throughout the commercial world. With the single exception of the Bland Act in the United States, all recent changes in currency legislation have been in the direction of using gold rather than silver for currency purposes. This fact shows at any rate a sentiment in favor of gold which may not be without its influence; and, indeed, beyond the mere sentiment, the superior convenience of that metal for monetary purposes may tell in the same direction.

In addition to this, the apprehension that the bi-metallic arrangement could not be relied on as permanent, and the fear of secession from it might operate strongly to induce bankers and financiers to hold as large a stock as possible of gold rather than silver. This might cause a struggle for the possession of gold, with consequent financial disturbance, and with the result that nations who are accustomed to the use of gold for the actual purposes of currency, and who have enjoyed its superior advantages for that purpose, owing to its bulk being less in proportion to its value, might not be able easily to acquire or retain all that its people needed for these purposes.

We have thus pointed out the advantages and disadvantages to be anticipated as the result of entering into the bi-metallic compact suggested.

We have now to weigh the advantages against the disadvantages, and to answer the question whether in our opinion the result of the change would, upon the whole, prove beneficial.

It is comparatively easy to estimate with substantial accuracy the extent and force of evils or inconveniences of which we have had experience. To weigh with just and accurate balance the possible dangers and evils that might result from a change is a very different matter. They must be largely the subject of conjecture. The opinions of economists and men of experience in financial matters with respect to them have differed, and are likely to differ. Even if not prepared to rate them as high as some have done, we cannot question their reality.

The change proposed is tremendous, and we cannot but feel that to a great extent it would be a leap in the dark.

The public mind certainly is not prepared for it at present, and the very novelty of the proposal would excite apprehensions, which, in themselves, might not be without their danger.

We speak of the novelty of the proposal, because, though it has been for some years publicly advocated with great ability and earnestness, it has not found anything like general acceptance, and those accustomed to the existing system have often been disposed to put it aside as a chimerical proposal, unworthy of serious consideration.

Under all these circumstances, while fully impressed with the difficulties of the present situation, and more especially with those which affect the Government of India, we are not prepared to recommend that this country should proceed to negotiate with other nations a treaty embodying a bi-metallic arrangement. We feel that the matter needs much more discussion and consideration in the financial world, and by practical men, than it has yet received, and that we are not in a position to advise with any confidence that the change could be made safely, or without the risk of creating evils exceeding those which we at present experience.

(PART III. SIGNED BY SIR LOUIS MALLET AND MESSRS. A. I. BALFOUR, H. CHAPLIN, D. BARBOUR, W. H. HOULDSWORTH, AND S. MONTAGU.)

IN FAVOR OF IT.

It only remains for us to give our reasons for thinking that our colleagues have attached undue importance to the several objections which have been urged against the proposed change. These objections are as follows:

(i.) That "the change proposed is tremendous," and that its "very novelty would excite apprehensions which in themselves might not be without their danger."

To this we reply that the system of currency which we recommend was in existence in other countries for many years before 1873, and its effects practically extended to all the commercial countries of the world. We are not aware that, so long as it was maintained in its integrity, any evil results ensued. The only novelty in our proposal is that the United Kingdom should join with the other countries specified below in Section 35 in re-establishing a bi-metallic system. We are therefore unable to understand how, in view of the experience of the past, any ground for serious apprehension can exist.

(ii.) That the position of the United Kingdom, and especially of London, as the commercial or financial center of the world, would be endangered.

This position, it is urged, is due to the fact that the standard of value in this country is a definite quantity of a particular metal, and that persons entering into transactions, expressed in pounds sterling, conse-

quently know with absolute certainty what it is that they will have to give or receive. This certainty, it is said, would disappear if an option were given to debtors, as is proposed under the bi-metallic system, of tendering either one or two metals.

To this we reply:

(a.) That the commercial and financial pre-eminence of London dates back to a period anterior to the establishment of the single gold standard in this country, and a period when, as a matter of fact, the currency of the country was bi-metallic;

(b.) That if the transactions of other countries are now largely carried out by means of bills drawn upon London, it is because London is, for many reasons, the best market for such bills, and that this fact is not likely to be affected by our joining with other nations in a common system of currency;

(c.) That the option conceded to debtors under the bi-metallic system could rarely have any practical effect, inasmuch as, if that system were established and maintained in its integrity, there would be no appreciable inducement to select one metal rather than the other.

(iii.) That if bi-metalism resulted in a fall in the value of gold, England, as a country entitled to receive large gold payments, would lose, and other countries would gain at her expense.

In reply to this objection we need only refer to the arguments stated in § 96 (k.) of Part I. of the Report, to which we have nothing to add.

(iv.) That the bi-metallic system depends for its successful working upon international support and that, for adequate or inadequate reasons, other nations would, sooner or later, cease to adhere to it.

To this we reply (a) that no sufficient motive can be suggested for the secession of any of the contracting powers; (b) that, provided the system was maintained over a sufficiently large area, the secession of one or more powers would not be of vital importance; (c) that in any case the seceding power would cause more injury to its own subjects than to those of other countries; and (d) that such an objection applies with equal force to all international agreements.

(v.) That the tendency which is observable among the more civilized nations to use gold rather than silver would be likely, notwithstanding the existence of a bi-metallic system, to encourage the accumulation of that metal, and the creation of an agio upon it, which would thus disturb the ratio fixed by law between the two metals.

To this we reply that the tendency above mentioned is mainly the result of the apprehensions and uncertainty attending upon the existing relations between the two metals; and that all inducement to accumulate gold would cease with a return to a stable ratio of value between them.

(vi.) That there might be a tacit refusal of the people of a country to accept both metals as legal tender, and that contracts would be largely made in one of the two metals only.

The question raised in this objection is rather a matter of opinion than of argument, and we can only say that we do not share the apprehensions of those who foresee any serious difficulty arising from such a course.

Even if it be admitted that it would be largely adopted, we do not think that, so long as the legal ratio between the two metals continued in force, any real difficulty could occur.

But we may point out that the objection appears to assume, what has, of course, never been suggested, that the bi-metallic system could be introduced into a country without the consent of those sections of the

population who would be most interested in the adoption of such a change. We are satisfied that no such measure as the introduction of the double standard could be passed into law, in this country at least, without such an amount of popular support as would practically prevent the possibility of the adoption of such a course as is supposed in the objection we are noticing.

(vii.) That if debts contracted in gold could be paid in silver, the claims of all creditors would unjustly suffer, and that the adoption of a bi-metallic system would thus amount to a breach of faith.

This last objection is that which appears to us to call for the most serious consideration, and we are not disposed to underrate its importance.

If it be right that a government should adopt and impose upon its people a legal standard of value, it is clearly its duty to provide, as far as possible, that such standard shall not be wanting in its most essential attribute, viz., that of the greatest attainable stability.

Recent experience has shown that by the monetary policy of Germany, the Latin Union, and the United States, over which this country had no control, the standard of value in the United Kingdom has been gravely impaired, and its future stability, as well as that of the silver standard of India, seriously endangered.

In these circumstances it is evident that if the Government, by its direct action in changing the standard, injured the interests of creditors and disturbed existing contracts, it may, by abstaining from action, injure the interests of debtors to an equal or greater extent, and affect future contracts.

It appears to us that if it is wrong in a government to make any change in its standard of value on the ground that it would disturb the relations of debtors and creditors, it must be equally wrong to abstain from any action which it is in its power to take, by which a disturbance in those relations may be averted.

But it is essential to observe that this objection, whatever force attaches to it, is not directed against the policy of bi-metalism as such, but merely against the return to the ratio of $15\frac{1}{2}$ to 1, or some other ratio differing much from the current relative value of gold and silver.

It must also be recollected that it cannot be urged by those who have insisted that the fall in prices is due to causes primarily affecting commodities, and not to the appreciation of gold. If the rupture of the bi-metallic par has not led to the appreciation of gold and to a fall in prices, there appears to be no sufficient reason for supposing that its renewal would affect the value of gold or cause a rise in prices.

For these reasons we do not think that, after giving due weight to the foregoing objection, they are such as ought to be allowed to stand in the way of such a policy as we are prepared to recommend.

Neither metal alone exists in sufficient quantity to serve as a sole standard without causing such a change in the level of prices as to amount to a financial and commercial revolution; but we cannot doubt that if a sufficiently wide area of agreement between the leading commercial countries can be secured, this most important result may be effectually attained, and a great international reform successfully accomplished.

Further, we are strongly impressed with the conviction that, whatever evils may be expected to flow from a return to the *status quo ante*, the evils, both present and prospective, of the existing situation are infinitely more serious.

Failing any attempt to re-establish the connecting link between the

two metals, it seems probable that the general tendency of the commercial nations of the world will be toward a single gold standard.

Any step in that direction would, of course, aggravate all the evils of the existing situation, and could not fail to have a most injurious effect upon the progress of the world.

A further fall in the value of silver might at any moment give rise to further evils of great and indefinite magnitude in India, while a further rise in the value of gold might produce the most serious consequences at home.

No settlement of the difficulty is, however, in our opinion, possible without international action.

The remedy which we suggest is essentially international in its character, and its details must be settled in concert with the other powers concerned.

It will be sufficient for us to indicate the essential features of the agreement to be arrived at, namely :

- (1.) Free coinage of both metals into legal tender money ; and
- (2.) The fixing of a ratio at which the coins of either metal shall be available for the payment of all debts at the option of the debtor.

The particular ratio to be adopted is not, in our opinion, a necessary preliminary to the opening of negotiations for the establishment of such an agreement, and can, with other matters of detail, be left for further discussion and settlement between the parties interested.

We therefore submit that the chief commercial nations of the world, such as the United States, Germany, and the States forming the Latin Union, should in the first place be consulted as to their readiness to join with the United Kingdom in a conference, at which India and any of the British colonies which may desire to attend should be represented, with a view to arrive, if possible, at a common agreement on the basis above indicated.

We have indicated what appears to us to be the only permanent solution of the difficulties arising from the recent changes in the relative value of the precious metals, and the only solution which will protect this and other countries against the risks of the future. At the same time we approve the recommendations of our colleagues in §§ 134-137.*

We do not attach much importance to their probable direct effects ; but their influence at the present time would be beneficial, while their adoption would place no obstacle in the way of a more satisfactory solution at a future date, and might possibly facilitate it.

* The recommendations to remove the duty from silver plate, and to negotiate with other countries for the more extended use of silver for currency purposes.

CASHIER'S AUTHORITY.

SUPREME COURT OF IOWA.

Schneitman v. Noble et al.

A bank cashier has no authority to transfer notes of the bank in payment of a deposit, and the depositor receiving the same is liable for the amount realized thereon.

This action was commenced by H. B. Schneitman, against J. S. Danford and E. B. Gundrum to recover the sum of \$396.50, alleged to be due from them to plaintiff. On the same day a writ of attachment was issued in aid of the action and served by garnishing appellant, A. E. Noble, on the day following. Judgment was rendered in favor of plaintiff and against Danford, on the 8th day of October, 1885, for \$296.70 and costs. Issue was joined on the answer of the garnishee, in which he denied all liability to Danford, and tried to the court. Judgment was rendered against the garnishee for \$240. He brings this appeal from the judgment.

ROBINSON, J.—The place of business of Danford was closed by the sheriff on the 11th day of August, 1885. On the morning of that day, and just before the time for commencing business, appellant obtained from the cashier of the bank a small sum of money and a quantity of notes, which he alleges were received to apply in payment of a claim he then held against the bank, and which amounted to something less than \$300. The amount of the notes so received is not definitely shown, but is claimed by appellant to have been less than the amount which the bank owed him. It is claimed by appellee that these notes were wrongfully obtained, and that appellant is liable for the amount he has realized from them, since all have been collected. In the absence of a more general authority, the cashier would be restricted in his power to bind his principal to the doing of such acts as are usually performed by persons who occupy the position he held. In other words, in the absence of proof of special authority, Gundrum must be held to have had power to bind his employer only by acts done in the usual and ordinary course of business. Appellant was a depositor, and the notes were turned over in payment of the deposit. We do not think that bank depositors are usually paid in that manner, and there is no showing that it was the ordinary method adopted by Danford. But appellant claims that the payment in notes was, in this instance, authorized by telegrams sent to the cashier by Danford, and by subsequent ratification. All we need to say as to these claims is that the telegrams were of doubtful authenticity, and the alleged ratification very unsatisfactory. We should not feel disposed to disturb the judgment of the district court on these grounds. Judgment is affirmed.

LIABILITY OF BANK'S SUCCESSOR FOR DEPOSITS.

SUPREME COURT OF ARIZONA.

Starr v. Stiles.

A banking firm, which has received all the property, assets, and deposits of its predecessor, assumed all the liabilities, taking and using, by agreement, the books of the former firm, and has paid and collected the accounts of its predecessor, as if no change had been made, is estopped from denying indebtedness to a creditor of the former firm, who had deposited money in the bank, and having full knowledge of all the facts in the change of firms, had permitted his funds to remain in the bank, where they had been treated as a deposit, and carried into their books by the new firm.

The fact that the depositor released the former firm does not release their successors on the principle of joint debtors, as the obligations are several, and not joint; and even if the latter, Rev. St. Ariz. § 133, provides that a release of one joint debtor does not release the others.

The statute of limitations does not begin to run against funds deposited in a bank subject to call at any time, until a demand is made for such funds.

BARNES, J.—This is an action in which the appellee brought suit against appellant, as assignee of the insolvent firm of Hudson & Co., bankers, to have his claim for \$4,382.50 allowed against the estate of Hudson & Co., and also to recover from the assignee 30 per cent. in dividends; appellee alleging that appellant, as assignee of said estate, had declared three dividends, aggregating 30 per cent., on the indebtedness of Hudson & Co., and that said assignee had paid no dividend or sum whatsoever to appellee on his claim. Appellant admitted that D. J. Edwards had deposited with Safford, Hudson & Co., a firm composed of A. P. K. Safford, Charles Hudson, James H. Toole, and John Wasson, between August 14, 1879, and January 1, 1880, \$1,132.50, and with the firm of Safford, Hudson & Co., composed of said Safford, Hudson, Toole, and J. S. Vosburg, between January 1, 1880, and March 26, 1880, the further sum of \$3,250, and that no more than \$310 and \$230 had been drawn from said firm of Safford, Hudson & Co. The evidence shows that the various banking firms of Safford, Hudson & Co. succeeded each other, and that the firm of Hudson & Co. succeeded the last firm of Safford, Hudson & Co.; that each firm paid and collected the accounts of its predecessor as though no change had been made, and the check-books issued by Hudson & Co. stated that they were the successors to Safford, Hudson & Co. It appears, also, that each firm assumed the obligations of their predecessors. The ledgers of Safford, Hudson & Co., show the original account with Edwards, and its transfer through successive ledgers to the last one used by Hudson & Co., at the time of their failure; and it was agreed that as each of the successive firms was organized, it took and continued to use the books of the former firm until the necessities of the business required a new set, when all accounts not theretofore closed were transferred to a new book. Appellant testified that the account of Edwards was not paid, and on the books of Hudson & Co. it was charged against said firm as one of its debts. Appellant admitted that if Edwards were present, he would testify that "he had made the deposits, and knew of the various changes in said banking firms at the time the same were made, and, knowing that each of said firms had received all the property, assets, and deposits of its immediate

predecessor, assumed all the liabilities thereof, and, believing each firm as it succeeded the other to be responsible and liable to him, and intending to continue each of the said successive firms as his bankers, he continued to leave his deposits and money with the new firms, respectively, after they had succeeded the old firms, as set forth in the complaint." The court adjudged that the plaintiff had a valid claim against the estate of Hudson & Co. for \$3,072.50, and rendered judgment in his favor against defendant for \$921.75, out of the estate.

It is urged against the validity of this claim that the money of Edwards was not deposited with the firm of Hudson & Co., and hence that there is no privity of contract between Edwards and the firm; that he had deposited money with Safford, Hudson & Co., and that that company owed him; and while, as between the two firms, Safford, Hudson & Co. might require Hudson & Co. to reimburse them, should they be required to pay the same, by the terms of this contract, but that, Edwards being no party to that contract, he could not enforce it against the latter firm. This would be true unless he, by some act of his, waived his right to sue Safford, Hudson & Co., and made Hudson & Co. his debtor. The depositor Edwards, when he had knowledge of the change of firms, had the right to withdraw his funds from the bank, and to treat solely with the firm that received his deposit. But if he, after full knowledge of all the facts, acquiesced in the change of firms, permitted his funds to remain with the new firm, and they treated him as their depositor, and carried his balance into their books, they cannot be heard to say that they do not owe him. They are estopped by their acts. The evidence shows that the books of Hudson & Co. show that Edwards was a creditor to the amount he claims at the time of the assignment of Hudson & Co. to Stiles; and as the assignment was for the benefit of creditors, it was for the benefit of this creditor; and as it appears that dividends to 30 per cent. have been paid other creditors, this creditor was entitled to a like amount out of the estate. This was the judgment of the court below. It is also contended that, as Edwards had received \$1,000 from Wasson and Safford, and had released them, that thereby Hudson & Co. were released, and the familiar principle is invoked that the release of one joint debtor is a release of all. The Revised Statutes of Arizona, § 133, repeals this well-known doctrine of the common law, and enacts that the release of one joint debtor does not release the others. These were not, however, joint obligations of these firms. The contract of each, whatever it was, whether expressed or implied, was a several obligation. It is not necessary to decide whether Edwards is estopped to assert that Safford, Hudson & Co. are his debtors, by permitting his funds to remain with Hudson & Co. after knowledge of the transfer. This only need be decided: that Hudson & Co. became his debtor by their acts, and, while Edwards might have repudiated it, they could not. Again, it is urged that the deposit checks or tickets in evidence (and they were evidences to the depositor of his deposit) were due when given, and the statute of limitation begins to run against them at that time; that a deposit in a bank creates a mere debt or chose in action. This is true for many purposes; but when a bank holds the funds of a depositor subject to call at any time, the contract is to pay on demand, and the statute does not begin to run until demand. We see no error in the record, and the judgment is affirmed.

Porter and Wright, JJ., concur.

BOND—LIABILITY OF SURETY.

UNITED STATES DISTRICT COURT, SOUTH CAROLINA.

Phillips v. Bossard et al.

The sureties on a cashier's bond, reciting that B. had been elected cashier of a bank to hold his office during the pleasure of the board of directors, are liable for any default occurring while he continues to act as cashier.

Where a cashier's bond is given to the "National Bank of Sumter," the sureties are not released from liability for a default of the cashier because such default was permitted by the negligence and misconduct of the president and board of directors.

A judgment against a defaulting cashier for embezzlement of \$5,500 in gold, taken by him from the vaults of the bank, does not estop the bank from bringing an action on his official bond to recover amounts subsequently discovered to have been appropriated by him by means of false entries and omissions to account for sums received by express.

When the defalcations of a cashier exceed the amount of his bond, the bank need not credit on the bond sums collected from other sources, but may apply them in reduction of the unsecured balance.

SIMONTON, J. (charging jury).—The action is on the bond of one C. E. Bartlett, cashier, teller, and bookkeeper of the Sumter National Bank; defendants being his sureties. It is not disputed that the Bank of Sumter was a national banking association; that Bartlett was duly appointed cashier, teller, and bookkeeper; that he gave the bond stated in the complaint; and that defendants, with three other persons, were his sureties. It is proved that plaintiff was duly appointed, upon the failure of the bank, its receiver, by the Comptroller of the Currency, and that the latter authorized this suit. Notwithstanding the objection urged by the defendants that it has not been shown that the Treasurer of the United States also concurred in this authorization of the suit, it is properly brought. The bond is in the penal sum of \$10,000, and the condition of it is for the faithful performance of his duties as cashier, teller, and bookkeeper, by Bartlett, his obedience to instructions, and his faithful accounting for all moneys coming into his hands as such cashier, etc. The complaint sets forth thirty-one breaches of the bond. They are in three classes. One class consisted of checks drawn by him on correspondent banks in various large sums of money, which it is alleged that he appropriated to his own use. Evidence has been submitted showing that, where he entered on the stub of the check-book the supposed amount of the check, he put a sum greatly below the real amount of the check, and posted the false amount in his ledger. Another class of defalcations charged was the receipt of money of the bank by express, and not accounting for it. The third was the carrying off, on the night of his flight from Sumter, a bag of gold containing \$5,500. You have heard the evidence on these points, and must say if they are proved.

The defendants set up four defenses: *First*. That Bartlett was only elected for one year, that the bond was executed when he was first elected, and that their responsibility was ended when the year expired. The condition of the bond recites that Bartlett had been elected cashier, etc., to hold his office during the pleasure of the board of directors. There is no evidence showing that he was elected for one year, and none that he ever was dismissed or removed from office, or elected more than

once. This defense cannot avail defendants. *Second.* That the willful negligence and misconduct of the president and board of directors permitted the fraudulent acts of Bartlett, and the sureties consequently are not liable therefor. Assuming that the validity of the bond at its execution is not disputed, no evidence to this effect having been shown, I charge you that this defense, even if it be fully made out, cannot avail the defendants. The bond of Bartlett, signed by defendants, was given to the National Bank of Sumter, not to the president, nor to the board of directors. If he committed the defalcations and frauds charged, neither he nor his sureties can be excused because of any negligence or omission of duty on the part of the president or board of directors. They could not excuse, justify, or release them by a formal vote; *a fortiori* they cannot be held to excuse or palliate them by conduct. (*Minor v. Bank*, 1 Pet. 71 *et seq.*) The bond was not given to secure the bank against such defalcations as Bartlett could make without the knowledge of, or such as were not within the means of discovery by, the president or directors; nor was the bond given upon the condition that the president or the board should watch him, and prevent any defalcation or fraud on his part. It was absolute in its terms, guaranteeing that he would faithfully perform his duties, and account for all funds coming into his hands, without reference to or respect for anyone else. Even if he acted with the fraudulent connivance of the president, or any one or all of the board, this would only make them partners in crime, and still his sureties would be responsible. The *third* defense grows out of the facts which I recall to you: Bartlett absconded on Saturday night. When the vault was opened on Monday it was discovered that \$5,500 in gold was missing, which had been there at the close of Saturday. At once attachment proceedings were begun, and certain of his property attached. The complaint was for his embezzlement of this sum as cashier, and judgment was had against him. The defendants contend that this suit and judgment estop the plaintiff. The attachment suit and this suit are not on the same cause of action. The first was on the embezzlement of a certain sum of money. This is on the breach of his official bond in not well and truly executing his duty as cashier, as well in that he did not faithfully account for money in his hands as for default in other transactions. When the attachment suit was brought, there was no knowledge of any other default than the theft of the \$5,500; and the uncontradicted evidence is that the other defalcations were not suspected until Bartlett ran away, and were not known until some ten days afterwards. This defense cannot avail the defendants. The *fourth* and last defense is this: The attachment suit realized about \$1,000. The wife of Bartlett gave up to the bank an order on Henry Clews & Co., of New York, signed in blank by Bartlett. This was filled out with the balance to his credit with these bankers, and realized \$2,400 more. Defendants insist that they are entitled to credit on the bond for this amount. If you believe the testimony, Bartlett's default was between \$55,000 and \$70,000. Against this the bank held the bond for \$10,000. They credited the sum recovered and the sum received on the surplus. Bartlett could give no direction as to the first; he gave none as to the last. There is no room here for the application of the doctrine of subrogation. The bond of these defendants was to secure defaults to the extent of \$10,000 only. If the defaults exceeded this, the bank had to look elsewhere. For securing the excess the bank could take all lawful means in its power. As the sureties had no responsibility for the excess, they had no interest in the means taken to secure it. For the \$10,000 they were responsible. They are not entitled to any aid in paying it,

except from such securities or collaterals, specially appropriated in the hands of the bank, or of any of the sureties, to meet it, and except also from recovery had on the bond itself. This defense cannot avail. If you find from the evidence that Bartlett has made default in the amount charged, or in any sum exceeding the amount of the bond, and of the money recovered and received as stated, you will find for plaintiff the full amount of this bond.

DEPOSIT OF MONEY AS TRUSTEE.

NEW YORK SUPREME COURT.

Scott v. Harbeck.

A person deposited money in a bank to her credit as trustee for plaintiff, but subsequently drew it out, and converted it to her own use. Plaintiff had no knowledge of the deposit until after such person's death. *Held*, that plaintiff was entitled to recover the amount of the deposit from the estate of the deceased, since, by the act of depositing the money, plaintiff being named as the beneficiary, it became the latter's property.

DYKMAN, J.—This action was brought to recover the amount of a deposit in a savings bank to the credit of the plaintiff, who was then unmarried, and named Mary Barker. The complaint stated that, prior to July 30, 1884, there was on deposit in the Bowery Savings Bank, in the city of New York, to the credit of Elvira Harbeck, in trust for the plaintiff, the sum of \$986; that about that time Elvira Harbeck drew such money out of the bank, and converted the same to her own use. Mrs. Harbeck is dead, and the action is brought against her executors. Upon the trial of the cause, the defendant's counsel made an admission of the foregoing facts stated in the complaint. Upon the trial the counsel for the defendant sought to prove, by way of defense to the action, that the plaintiff was ignorant of the deposit so made for her benefit until after the death of the depositor. A verdict was directed in favor of the plaintiff for the amount claimed, and the defendants have appealed from the judgment, and from the order for costs, against the defendant. Under a long line of decisions by the courts, it was quite immaterial whether the plaintiff had knowledge of the deposit in her favor or not. Such deposit was an executed trust, depending upon no act of the plaintiff to make it valid or available to her. The case of *Martin v. Funk*, 75 N. Y. 134, seems to be decisive of this case. In that case a deposit was made in a savings bank of a sum of money belonging to the depositor in trust for the plaintiff, who was ignorant of the deposit so made until after the death of the depositor. In an action to obtain possession of the pass-books, and to recover the deposits, it was held by the Court of Appeals that the transaction was a valid and sufficient declaration of trust, and passed the title to the money deposited to the beneficiaries, and constituted the depositor a trustee. It seems to be plain, therefore, that the judgment should be affirmed. There was no question made in the argument before us respecting the allowance of costs, and we assume that the point was abandoned. The judgment should be affirmed, with costs.

PRATT, J. (concurring).—Upon the conceded facts, we think the plaintiff was entitled to have the jury instructed to find a verdict. Elvira Harbeck deposited money in bank in 1860 in her own name, as trustee for the plaintiff. In 1884 she drew it out, and converted it to her own

use. It was immaterial whether the plaintiff knew of the deposit or not. When the money was deposited in her name as *cestui que trust*, it became her property. (*Martin v. Funk*, 75 N. Y. 134; *Mabie v. Bailey*, 95 N. Y. 206; *Willis v. Smyth*, 91 N. Y. 297.) None of the acts of the trustee afterwards had any tendency to prove a valid defense to the action. (*Mabie v. Bailey*, *supra*.) The legal title was in the trustee, but she could not convert the money to her own use without being liable to account. By the act of depositing the money (assuming it was the money of testatrix at the time), it became an executed gift, and thereafter it was a trust fund; so that, in no view of the case, was there any question of fact for the jury to determine. The judgment is right, and must be affirmed, with costs.

ATTACHMENT AGAINST NATIONAL BANKS.

NEW YORK SUPREME COURT, GENERAL TERM.

Bank of Montreal v. Fidelity National Bank. (*Armstrong, Intervenor.*)

Rev. St. U. S. § 5242, providing that no attachment before final judgment shall be issued in any State court against a national bank, exempts national banks, whether solvent or insolvent, from attachment under State laws. Following *Buller v. Mixer*, 8 Sup. Ct. Rep. 718.

The dissolution of a national bank by decree of a Federal court does not affect rights of a creditor whose action against the bank was pending at the time in a State court.

MACOMBER, J.—The attachment in this action was granted on the 18th day of June, 1887, upon the ground that the defendant was a foreign corporation having certain property within this State, which was levied upon under the attachment. David Armstrong, who intervenes for the purposes of this motion, was appointed receiver of the defendant on the 27th day of June, 1887. His motion was originally based upon the allegation that since the granting of the attachment the defendant had been dissolved by a decree of the federal court. But this is not a reason for granting the motion. It was held, in the case of *Bank v. Lacombe*, 84 N. Y. 367, that however fatal the adjudication in a foreign tribunal may be to the existence of the defendant corporation in that State, it cannot deprive the creditors of remedies afforded by other forms against its property. Notwithstanding the dissolution, the corporation is deemed to live, at least to such an extent as to permit creditors who have acquired valid liens to maintain them, and the action to continue in form by its present title as though the defendant had an actual legal existence.

Another question is, whether or not the defendant was, at the time of the service of the attachment, insolvent within the meaning of the national bankrupt law. By section 5242 of the Revised Statutes of the United States, all transfers or evidences of debt owing to any national banking association or deposits to its credit, all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor, all deposits of money, bullion or other valuable things, for its use or for the use of any of its shareholders or creditors, and all payments of money to either, made after the commission of an act of insolvency or in contemplation thereof, made with a view to prevent the application

of its assets in the manner prescribed or with a view to the preference of one creditor to another, except payment of its circulating notes, shall be utterly null and void; "and no attachment, injunction, or execution shall be issued against such association or its property before final judgment, in any suit, action, or proceeding in any State, county, or municipal court." It is firmly established by the evidence before us that at the time of the granting and of the service of the attachment neither the plaintiff nor its agent had any knowledge, suspicion, or belief that the defendant was in an insolvent condition; on the contrary, Mr. Lang, the plaintiff's agent, testified that he believed the defendant to be wholly solvent. It further appeared that the defendant continued in business, after the granting of the attachment, on the 18th and 20th days of June (the 19th being Sunday), and was not closed by the banking department until the 21st day of that month. Hence, so far as appearances go, irrespective of the stopping of the payment of checks, the defendant was not, within the meaning of the federal statute, insolvent. If the defendant was in fact insolvent, such knowledge was possessed only by the officers of the bank, for, as has already been pointed out, it continued business for two days thereafter, paying out money and receiving deposits in the usual and ordinary course of banking business, though it subsequently turned out that the bank was, at the time of the issuing of the attachment, in fact insolvent, that is to say, in the sense that it did not at that time have sufficient property with which to pay all of its debts. Such insolvency, standing alone, unaccompanied by any act, omission, or purpose, is not what is contemplated by the provisions of the federal statute. The language of the statute is not broad enough to cover such a case. On the contrary, it is restrictive in its terms as to the meaning which shall be given to the word "insolvency." The construction of this statute, as it had been maintained up to the time of the argument of this cause, was to the effect that an attachment might be issued, as was done in this case, provided no act of insolvency or bankruptcy had been committed by the defendant, if done without any knowledge or suspicion of the contemplation of insolvency and without any effort to get possession of the property of the defendant otherwise than under the laws of the State. The prohibition to the issuing of an attachment before final judgment was limited to cases only where there had been an act of insolvency or contemplation thereof, made with a view to prevent the application of the assets in the manner prescribed by the federal statutes. But, since the argument of this cause, the Supreme Court of the United States, in the case of *Butler v. Mixter*, 124 U. S. 721, 8 Sup. Ct. Rep. 718, have announced a decision which renders further discussion unprofitable, and shows that the previously accepted views of the profession, as well as the decision in this case, are erroneous. The court there says: "It stands now, as it did originally, as the paramount law of the land, that attachments shall not issue from State courts against national banks, and writes into all State attachment laws an exception in favor of national banks. Since the act of 1873, all of the attachment laws of the State must be read as if they contained a provision, in express terms, that they were not to apply to suits against a national bank." Feeling ourselves bound by this decision, it follows that the order appealed from should be reversed, and the attachment vacated; but, under the circumstances, it should be done without costs.

Bartlett, J., concurs in the result.

TAXATION.

COURT OF APPEALS OF NEW YORK.

Apgar v. Hayward.

Laws N. Y., 1866, c. 761. subjects the real estate of banks to ordinary taxation, and provides for the assessment of the stock after deducting the assessed value of the real estate. Laws 1859, c. 302, provides that any one aggrieved by an assessment may, before the 1st day of May, make application to have the same corrected, and the commissioners, if they judge the assessment erroneous, may correct it. The same act authorizes the commissioners at any time before the 2d of April to increase any assessed valuation, but not without giving notice to the party affected by the increase, twenty days before the closing of the books, which were closed on the 1st day of May. *Held*, that where the assessed valuation of the real estate of a bank has been reduced upon application made April 30th, the commissioners may increase proportionately the assessment on the stock, though the required notice of such increase is then impossible.

DANFORTH, J. The action is against the defendants, as commissioners of taxes and assessments in the City of New York, for acts done by them in the year 1881, in consequence of which the plaintiff charges that his property and that of other persons, his assignors, was taken and applied to the payment of taxes illegally imposed. Upon trial in the Superior Court of the City of New York it appeared that the plaintiff and his assignors were residents of New York city, and owners, respectively, of certain shares in the North River Bank, an institution located in the third ward of that city, with a capital of \$240,000, divided into 8,000 shares; that in January, 1881, the annual record of assessed valuations of real and personal estate was filed in the office of the commissioners of taxes, and upon that record the real estate of the bank was valued at \$96,000, of which \$94,800 was the assessed value of its banking house. Upon the same record the names of the plaintiff and his assignors appear as holders of shares with an "assessed valuation" at the rate of \$23 per share. This sum was reached by allowing each shareholder in the assessed valuation of their shares, the benefit of a reduction from their real value in the same proportion as was the assessed value of the real estate of the bank to the whole amount of its capital stock. In that respect the commissioners are sustained by the act of 1866. (Laws 1866, c. 761.) This act prohibits any assessment upon bank capital, but leaves its real estate subject to the same taxation as is that of other owners, and makes the stockholders in the bank liable to assessment on the value of their shares, after deducting therefrom the assessed value of the real estate of the bank. The commissioners, therefore, in the course of their official duty, first spread that assessed value, viz., \$96,000, over 8,000 shares, making \$12 to be applied on each share, and then fixed the assessed value of such share at \$23. This shows the actual value of the share, according to the estimate of the commissioners, to have been \$35. Up to this point no complaint is made of the action of the commissioners. They, however, subsequently changed the assessed value from \$23 to \$28, thus adding \$5 per share—making in gross an addition upon the 8,000 shares of \$40,000; and the real question in the case is whether the change was within the authority of the defendants. The court below held that it was not, and, as it appeared that the tax was collected, judgment was awarded against the defend-

ants for the entire tax upon the valuation of \$28 per share of the stock held by the plaintiff and his assignors. In any view of the case, we think there is error in the judgment.

It is not denied that the shares were liable to taxation to some extent. Indeed, the plaintiff's claim concedes that the assessed valuation was correctly made. His contention is that the increase by the corrected valuation was illegal. It is not claimed, however, that the commissioners acted in bad faith, or from an ill motive, or with any other purpose than the performance of official duty; and from these circumstances it would at least follow that their liability could not exceed the actual damages sustained by the tax-payer. Those damages, if any, are represented by the difference between the sum due under the assessed valuation, and the sum called for by the corrected valuation, viz., five dollars per share.

But another objection is taken by the appellant, which goes to the foundation of the action, and the conclusion to which we have come on that makes it unnecessary to discuss the former. This objection is based upon the provisions of the statute which confers jurisdiction upon the defendants as "tax commissioners of the city of New York." As such they constitute a board which superseded the offices of ward assessors and commissioners of taxes theretofore existing in that city. (Laws 1859, c. 302.) Their jurisdiction extends throughout the city, and under their direction all the taxable property therein is to be assessed (section 8), and its "assessed valuation" entered in books to be kept by them, and called "the annual record of the assessed valuation of real and personal estate." These books are required to be open for examination and correction from the second Monday of January to the 1st day of May in each year, with notice by advertisement of that fact, in such manner as they may deem advisable, and are to be then closed to enable the commissioners to prepare assessment rolls of the several wards, for delivery to the aldermen. The statute also provides (section 10) that during the time above mentioned application may be made by any person, considering himself aggrieved by the assessed valuation of his real or personal estate, to have the same corrected, requires the commissioners to examine the complaint, and declares that, "if in their judgment the assessment is erroneous, they shall cause the same to be corrected." The plaintiff in this case was the president of the North River Bank, and on the 30th day of April, 1881, and therefore within the time prescribed for such application, he caused to be presented to the commissioners the petition of the bank, signed by himself as its president, alleging that the assessed value of the banking house, viz., \$94,800, was too high by at least two-thirds, and prayed that it be reduced accordingly. Upon hearing and examination the petition was to some extent granted, and on the 30th day of April the assessed valuation of the property was fixed at \$54,800, a reduction of \$40,000. No complaint was made as to the gross valuation of the shares, and it seems obvious, in view of the act of 1866 (*supra*), that the diminution in the assessed value of the real estate required a change in the assessed value of the shares; otherwise, the value of the shares would not be assessed, and a portion of the property of the bank would escape taxation. Upon the assumption that the real estate of the bank was worth \$94,800, so much was, as it were, credited to the stockholder, and the balance only of the share assessed. If the original assessment of the real estate was erroneous, it is clear that its correction made necessary some correction or alteration in the assessment to the shareholder, and the making of such correction or alteration was within the jurisdiction of the commissioners, and within the

scope of their authority, unless restrained by a provision of the act—that of 1859—already referred to. It is provided by section 11 of that act that the commissioners may, at any time before the 2d day of April in each year, increase the assessed valuation of any real or personal estate as in their judgment may be necessary for the equalization of taxation; “but”—and upon the construction given to this clause the plaintiff has so far succeeded in the action—“but they shall not increase such valuation after said books are open for examination and review, except upon notice being given to the party affected by such increase, twenty days before the closing of the books.” There is an incongruity in these statutes which renders it impossible to adapt the provision just referred to to that embodied in section 10 of the act of 1859, and at the same time give proper effect to chapter 761 of the Laws of 1866 (*supra*). By the latter the assessed valuation of the shares of stock—personal property—depends upon the assessed valuation of the real estate of the bank. By the act of 1859 (section 10), the assessed value of the real estate of a bank may be changed at any time while the books are open, and that is up to the 1st of May; but the valuation of neither real or personal estate can be increased except upon previous notice of twenty days. The reduction of the valuation of the real estate of the bank was therefore legal under this statute, but notice of the increase of the assessed value of the shares was impossible, owing to the late application of the bank in relation to its real estate. This delay should not be to the advantage of its stockholders nor the prejudice of the defendants. The correction of one valuation made necessary the alteration in the other.

If we look at the literal language of the statute of 1866 (*supra*), and the literal language of section 10 of the act of 1859 (*supra*), it is impossible not to see that the defendants have kept within the terms of each, and we think they were justified in correcting the record as to the shares by making it conform to the result required by these statutes. They did not in fact increase the assessed value of the shares, but simply withdrew from the shareholder the benefit of a credit to which he became disintitled, and which was in fact erroneous, in consequence of the reduction involuntarily made in the valuation of the banking house. There seems to be an essential difference between an increase of assessed valuation of an item of property standing by itself, and an item of property which for the purpose of valuation cannot be separated from other property, and upon the true value of which the assessed value of that item must depend. In the latter case the change is rather formal than substantial, and, as applied in the case before us, is like an error in arithmetic—clerical, and not substantial. The tax is not increased, but is differently distributed, yet practically coming from the same fund; for, whether paid directly by the bank out of the dividends, as, under section 6 of the Laws of 1866 (*supra*), it might have been, or by the stockholder directly, as in fact it was, would make no difference. In either case it would come out of his funds or credits, and the aggregate, whether imposed on real estate or on the shares, would be the same, and in no respect exceed his just proportion of the general tax. But, however that may be, it is apparent that the defendants, as commissioners, had jurisdiction over the person of the shareholder and over the subject of the tax. In dealing with the question brought before them, they exercised a judicial function; and, if in error, no action lies against them unless that error was perpetrated maliciously. The judgment appealed from should therefore be reversed, and a new trial granted, with costs to abide the event.

All concur, except Peckham, J., who dissents.

LEGAL MISCELLANY.

BANKS—NATIONAL—STOCKHOLDERS—VOTING.—The past due and unpaid liability of a stockholder in a national bank, which disqualifies him from voting at an election of its directors, is limited to unpaid subscriptions to stock. [*United States v. Barry*, U. S. C. C. Mich.]

GAMING—OPTIONS.—A contract to purchase 150 cars of coal at a fixed price, with the privilege of ordering 250 cars in addition on the same terms, is separable, and the latter part is void, under Illinois law, being a contract for an option to buy at a future time. [*Osgood v. Bender*, S. C. Iowa.]

NEGOTIABLE INSTRUMENTS—CONSIDERATION.—Where it appears that defendant held several overdue notes against plaintiff's intestate, who paid money to defendant, who gave him a promissory note for the amount, and that the payment was made to extinguish the indebtedness to defendant, and that the note was given as a memorandum of payment, it is without consideration. [*Rice v. Howland*, S. J. C. Mass.]

BANKS AND BANKING—PARTNERSHIP—EVIDENCE.—Circumstances stated under which it was held that the evidence was sufficient to show that the defendant, whose name appeared on the windows of a private bank as a director, and upon cards lying upon the counters of the bank, was a partner in the bank. [*Rogers v. Murray*, N. Y. Ct. App.]

BILLS AND NOTES—FORGERY—LIMITATIONS.—When a bank pays a note, payable to the order of a particular person, whose indorsement thereon is forged, but both the bank and the holder supposed it to be genuine, the right of the bank to recover the money from such holder accrues at once, and, under New York laws, is barred in six years. [*Leather M. N. Bank v. Merchants N. Bank*, U. S. S. C.]

BILLS AND NOTES—ACTIONS—CONSIDERATION.—Parol evidence that defendant signed the note, after refusing the maker, at the request of the payee on a promise that he should not be held upon it, is admissible to show want of consideration in a suit by the payee.—*Kulenkamp v. Groff*, S. C. Mich.]

BILLS AND NOTES—CONSIDERATION—FERTILIZERS.—Where the maker is sued on his note for the purchase of commercial fertilizers, no waiver or covenant will bar him, under Georgia law, from pleading the want of legal inspection. [*Faircloth v. DeLeon*, S. C. Ga.]

BILLS AND NOTES—PAROL CONTRACT.—Parol evidence is inadmissible to show that when a promissory note was executed it was agreed that, if the maker should be forced to assign, the payee should file his claim with the assignee and execute a full release. [*Harrison v. Morrison*, S. C. Minn.]

CORPORATIONS—CLAIMS—DIRECTORS.—When a claim has been approved by the directors of a corporation acting separately, as was their custom, this is a sufficient approval in the absence of any law or by-law restricting the directors to a different mode. [*Longmont S. D. Co. v. Coffman*, S. C. Colo.]

AN ADDRESS ON BANKING.

BY THE HON. SETH LOW, BEFORE THE NEW YORK BANK CLERKS' ASSOCIATION.

No one can have listened to the report which we have heard, I am sure, without receiving a new impression of the power of combined action. If I understood correctly the significance of the figures, you have in twenty years reduced the annual cost of \$1,000 of insurance to the neighborhood of \$10 per annum to each member. You must live to be a hundred years old, each of you, before you pay at that rate as much as those whom you love will receive in the event of your death. I was glad to see that some of the banks had contributed to your annual assessment fund. One would think that it would be clear, not to some of the banks only, but to all of the banks, that there is no way in which they can spend \$100 a year more likely to make large return to themselves in contented and efficient service, than in such contributions to your annual assessment fund. When a man's income is limited to a fixed salary, and that not always a large salary, I take it there is no influence more potent in making such an one contented and efficient than the consciousness that, in case of disaster disabling him permanently, or in case of death, those whom he loves will not be left penniless; and when the banks make a contribution to this association it means, I think, more than money—it means a sympathetic and fraternal feeling, as far as that goes, and that is worth between men far more than money. The Romans used to say, "The gods help those who help themselves," and it seems to me the banks of New York could well afford to co-operate with an association like this, which has shown itself capable of conducting its affairs now for twenty years with such signal ability.

You know probably, all of you, that my own connection with banking has been limited to the touch upon it which the merchant has. I suppose that there is not one of you present, who are members of this association, that could not instruct me to my advantage on the details and principles of banking in their daily application. And yet it sometimes happens that one who is outside of an institution takes a view of it which is as fresh and new to those who are a part of it, as the internal organization of that institution would be strange to the outsider.

Banking, as you practice it, is so inwrought into all of our life to-day, that I suppose it is as difficult for you as it is for the rest of us to appreciate that in its most characteristic features it is scarcely older than the telegraph or the railroad. I think it was in Secretary McCulloch's book, that I was reading the other day, that if our ancestors, at the time of the Revolution, could have conceived of such a thing as a railroad, they would have said, "There is no use in inventing it, because, if it were invented, it would be impossible to command the money to build it." In other words, the characteristic feature of modern banking, as you practice it, is what I believe is technically called deposit banking, and in a large sense that is very new. You know that Europe is sometimes called an "armed camp." In Germany and in France all the able-bodied men are members of the army. They are not all in the ranks, but when the moment of need comes they can all be mobilized. Now deposit banking does for the funds of a country just what mobiliz-

ing does for the men of the country when they are needed to go to war. It draws the money out of the stockings, and out of the tea-pots and chimney-pots, and all its hiding places, and aggregates it into great funds, which, in banks, are capable of being used in large sums and used over and over again. Now that is something new.

The first bank that was founded, the historian tells us, was in Venice in 1171, and it was founded simply and solely for the purpose of helping the Government of Venice to get money. They made loans to the Government, and floated loans for the Government, and that was all that the earliest banks did for many, many years. Then in the north of Europe what gave rise to banks was still a different condition of things. At that time Europe was divided up into many small States, and you can readily understand that a little country was obliged to use the coin that came to it in commercial transactions from all the countries lying about it—from all the countries, for that matter, with which it might have commercial dealings. And in the Middle Ages the coin became clipped, or was clipped, until its value was sensibly diminished. Then again some nations debased their coin, and these little States found themselves immensely embarrassed in all their commercial operations, because the coin that they might take in payment was of a different value actually from its nominal value. Therefore in 1609—nearly five hundred years after the Bank of Venice was founded—the Bank of Amsterdam was established; and its sole function at the beginning was this, to accept the coins of whatever nation that might come to Amsterdam at their intrinsic value, and to give upon their books a credit at their actual value, and that credit was called "bank money." The bank was under the patronage and guarantee of the city. It was then ordered that all bills drawn upon Amsterdam, or payable there, should be payable in bank money, and that provision at once made a uniform standard of value for the little State. You can see how completely the emergency which gave rise to banks at that period has departed. After a while, these banks, being established, began to do other things; one of the first functions that they added to themselves was the function of sending money from place to place. But this quality of deposit banking, historically speaking, is the very last phase upon which banking has entered—a phase which it did not reach until banks had been known for six or seven centuries. The particular function which always has preceded deposit banking has been the circulation of bank notes—the affording to a country of a paper circulation by banks. Bagehot, who is my authority for most of these technical statements, mentions that as late as 1830—see how modern are our days of deposit banking—that as late as 1830 the circulation was the important feature with all the banks in England, and that deposits were considered as a very secondary matter. The Bank of Dundee, in Scotland, was established in 1763, and for twenty-five years it did not have a deposit. In our own country in 1791 there were but four banks; the fourth of that number was the Bank of Maryland at Baltimore, and it was open for business for one year before the first depositor came to its counter. So that you can see how very modern this quality of deposit banking is.

The Bank of New York, as I presume you all know, received its charter in 1784, and Mr. Master says that a war of pamphlets was waged about the question of granting that charter—as furious as the war that raged between the importers and non-importers. Now this is an encouraging circumstance to me, because we are so apt to surround the legislatures of the Revolutionary period with a glamour that is born largely of the distance from which we view them. We have long passed

the time when those who wanted a bank charter had to be politically in sympathy with the legislature to which they appealed; but in those days no gentlemen would have thought of approaching the legislature for the charter of a bank, unless they were politically in sympathy with a majority of the State Government. In these days, when all these things are regulated by general laws, we are not degenerate in such particulars at all events, as compared with those earlier times.

Now I have spoken of this question of deposit banking as being new, but it has been carried to the point it has reached with us in no other country of the world—except in England and her colonies. Bagehot says the reason is that it is not possible for banks to float a paper circulation through the districts of a large country under the care and supervision of men who are conversant with the neighborhood, for long periods of time at all events, except in countries that for a long time have been free both from invasion and from revolution, and continental countries have not met those conditions. The consequence is that in France the Bank of France, which is conducted from one center, even after the Franco-German war, with a circulation of over 100 millions, reduced to pounds sterling, had a deposit of only 15 millions. I read the bank statement of last week for New York City. I see that the average circulation of the banks was \$5,000,000, and the deposits over \$400,000,000. See what a contrast between that situation and the condition of a country like France, where the circulation was ten times what the deposits were.

But if banking in America resembles banking in England in this deposit feature, there are two very interesting particulars in which it differs entirely from the English system. England is a small country densely populated, and, as a consequence, she has been obliged to seek occupation for her men and her money all over the globe. I suppose that is the philosophy of it. The consequence is that everywhere in the civilized world you will find English banks and branches of English banks. Of course I am not speaking literally, by the book; there may be places where there are not English banks within the civilized world, but it is a characteristic of English banking that their bank branches go to their colonies, and to many places beyond the borders of England. Even Canada, with a truly loyal, colonial spirit, has established branches of her banks in our own city of New York. Now, so far as I am aware, there is not a branch of a United States bank anywhere outside of our own borders. It used to be true a few years ago that there was not a branch of an American Insurance Company in a foreign country, the reason it seems to me being this, that the United States are a large country sparsely populated, thus presenting precisely the opposite of the conditions prevailing in England. The national instinct, therefore, as it would seem, has devoted itself to the development of our home resources. That I think is the first great difference between English banking as conducted to-day, and American banking.

Then the next difference is this: English banking is centralized in a certain sense, just like its Government. You know, I presume, that all legislative powers in Great Britain reside in the General Parliament, which meets at Westminster, in London. To get authority to bridge a river in any village of England, you must go to the same Parliament which manages the affairs of the Empire on the largest and greatest scale; all legislation is centralized. Now, in precisely the same way their banking is centralized. The joint stock banks of London, and the private banks, keep no more money in their own vaults than they need for daily use; the reserve upon which they rely, in case of emergency, they deposit in

the Bank of England. The country banks all through Great Britain send their reserve to London, and so it happens that the whole reserve of the United Kingdom, upon which she can rely to meet a pressing and sudden demand, is deposited in the Bank of England.

They loan it all out, perhaps not literally to the same extent, but the tendency with them is to part with it in loans, just as other banks do. The consequence is that in times of unusual pressure the Government has to come to the relief of the bank by the suspension of the Bank Act; this is done by an order in council. The Government even cannot supply specie that is not on hand; all it can do is to suspend the operation of the Act which regulates the relation between paper and specie. In other words, the whole money market in Great Britain depends absolutely on a single bank for its reserve.

Now in America it is not so. We find the same difference in our banking that we find in our Government. Congress, at Washington, attends to matters of national concern; the Legislatures of our States attend to matters of State concern; and with our banks, no matter how much they may be dependent upon one another, no matter how seriously a disaster to the banks of Boston, for example, might affect the banks of New York, no matter how seriously a disaster to a single bank might affect the others, there is no such dependence upon one bank of the whole monetary system of the United States, such as does prevail in Great Britain. It is a singular circumstance, or rather it seems to me singular, that precisely the same difference should be found in banking as is found in the Governments—the governmental structure of the two countries. What I say is illustrated by the action of the banks of New York, in 1884, when the Marine Bank failed and when the Metropolitan Bank became involved; they met together to make common cause, so that behind the banking system of New York there is the strength and wisdom of many banks and bankers, instead of a single bank.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

CANADIAN CURRENCY IN THE UNITED STATES.

Mr. H. G. Nolton, of the Bank of Commerce in Buffalo, is the writer of a valuable open letter addressed to the Hon. E. G. Spaulding, relative to the use of Canadian currency in this country. After showing that one object in imposing the ten per cent. tax on the circulation of State banks, he explains how Section 3,413, imposing a tax of ten per cent. "on the amount of notes of any town, city or municipal corporation paid out by them," was passed, he says:

It had become the custom in Michigan for lumber firms to issue token money and due-bills, resembling to a certain extent our government fractional script, redeemable at the general stores carried on by the firms. This form of credit was mainly paid out among the choppers in the lumbering camps of the pine woods. Occasionally it happened that one of these firms became insolvent, and, being unable to redeem, either in money or goods, the due-bills became worthless. This oftentimes entailed much suffering and hardship. I am most credibly informed that the amendment referred to was introduced by a senator from Michigan to remedy this evil, and not for the purpose of giving greater precedence to national bank circulation, which was already sufficiently protected by Section 3,412 of the Revised Statutes.

Having thus hastily glanced at the purposes for which this legislation was enacted, I am totally unable to find any point or suggestion from which deduction can be made that interference with the circulating mediums of foreign countries was intended; and this inference becomes still stronger when we realize how impossible it is for foreign moneys or bank notes to enter into our circulation to any injurious extent. The circulating mediums of two countries cannot become interchangeable, because of the fluctuations of the rates of exchange between the countries. This is a well-known law of political economy, and results from the ebb and flow of exports and imports. In Canada, where the rate of exchange on New York is very changeable and averages to be at a considerable premium, our own currency is absorbed by the banks for the purpose of shipment to cover drafts drawn. This readily accounts for the fact that our currency is not found in circulation in the Dominion, although there is no law or penalty to prevent. The same natural law works here, but from the other extreme, a discount instead of a premium being the forcing power which drives it back to the place of issue.

In the matter of Canadian bank notes I think I have shown conclusively that they could not enter into circulation in this country to any appreciable extent. This being admitted, why should any trammels be placed upon the free transaction of business between the two countries? Large sums of money are annually paid into our treasury from duties on cattle and grain imported from the Dominion, and for our own best interests we cannot offer too great facilities for the continuance and increase of those and all other commercial relations. In fact, no country except the United States places any restrictions upon the free circulation of foreign moneys within its borders, or, to speak more to the true purpose, against the introduction of wealth.

COINAGE STATISTICS.

From the report of Dr. James P. Kimball, Director of the Mint, it appears that the total coinage was 109,030,547 pieces, of the value of \$63,719,242, of which \$28,354,170 was gold, \$2,718,673 silver dollars, \$1,417,422 subsidiary silver coins, and \$1,218,976 were minor coins. The minor coinage of the mint at Philadelphia was the largest in the history of the mint service, being occasioned by the demand for five-cent nickels and one-cent bronze pieces. Gold bars were exchanged for full weight United States gold coin, as authorized by the act of May 26, 1882, of the value of \$15,846,986, against \$7,604,059 in the preceding year, indicating an increased demand for gold bars for export. Gold and silver bars were manufactured to the value of \$59,313,015, and 1,397 medals were manufactured. The average cost per fine ounce of all the silver purchased for the standard dollar was \$0.9547. The seignorage on the coinage of silver dollars during the year was \$8,407,922, and on the subsidiary coinage, \$71,191. The seignorage on the coinage of silver from July 1, 1878, to June 30, 1888, has amounted to \$47,536,681. The earnings of mints and assay offices from all sources amounted to \$9,788,592, and the expenditures and operative losses to \$1,534,209. The total imports of gold coin and bullion during the year were \$43,934,317, and the total exports, \$18,376,234, or an excess of imports of \$25,558,083. There was a net loss of \$8,238,188 by export of silver.

BANKING AND FINANCIAL ITEMS.

TWENTIETH ANNIVERSARY OF THE BANK CLERKS' MUTUAL BENEFIT ASSOCIATION.—The celebration of the twentieth anniversary of the association took place on Monday, December 10th, 1888, and was largely attended by members and friends; among them a number of bank officers. Addresses were made by the chairman, J. Edward Simmons, president of the Fourth National Bank, and the Hon. Seth Low. The annual report of the president proved the association to be in a prosperous condition. In twenty years, upwards of \$300,000 have been paid to beneficiaries. The permanent fund, \$112,000—to which the banks have contributed over \$40,000—private individuals \$53,000, including the bequest of Joshua Jones of \$10,000, previous to his death a director of the Chemical National Bank. The principal portion of Mr. Simmons' address is the following:

"The Mutual Benefit Association of Bank Clerks is worthy of all admiration. Its conception was inspired by the genius of benevolence and brotherhood; its work has been that of prudence, self-reliance, and fidelity; its triumph that of humanity and love. It has accomplished and is performing a work, as the years roll on, that lifts the burden of affliction from those who are otherwise unable to bear it, and carries comfort and relief to the widow and the orphan when shadows fall deepest, and when the hand of the white-robed angel of love and sympathy is most desired.

"An institution inspired with these aims, whose sacred purpose is the relief of the afflicted and bereaved, to demonstrate the power and sovereignty of love and fellowship, whose legend is that of a lofty humanity and a nobility of moral sentiment—presents the highest claims to a perpetual endurance and an unlimited charter. Its opportunities are boundless; its commission as broad as humanity.

"It is just twenty years since Mr. Parsons, Mr. Middleton, and a few gentlemen associated with them, laid the foundation of the organization that has been carefully and patiently erected, and now stands upon an enduring basis—an honorable and conspicuous structure, over whose doors are inscribed the words, "Brotherhood and Self-Reliance"—protecting all its members, and welcoming to its privileges and benefits every worker in the wide field of its benevolent design. The work accomplished these twenty years cannot be measured simply by the amount of money expended, although the magnificent sum of \$300,000 has already been appropriated in the execution of its benevolent purposes.

"There are vicissitudes in human experience when even dollars become ingots of value; when hours of sudden adversity are epitomized months of pain and sorrow, and when comparatively small sums of money become breakwater against despair.

"Let the work go on, gentlemen, and may every year add to your power and your achievements.

"While it is true that the position of a bank clerk is not commonly regarded with favor by those who are desirous of accumulating wealth rapidly, it is a responsible, honorable, and indispensable service. The same is relatively true of all other industries in which the personal service is the only capital. It has its opportunities for promotion, distinction, and reward. It is therefore a judicious and a wise purpose that impels the young men, not less than their elders, to identify themselves with an institution like this, in order that the system of self-insurance may secure to its associates aid and relief in the event of disability, or guarantee some provision for those who may be dependent upon them in case of bereavement.

"The responsibilities of a bank clerk are weighty, and in him three characteristics are absolutely necessary—honesty, ability, accuracy. These characteristics, indeed, are essential not only in a bank employe, but in everyone who is successful in any of the various walks of life. But success in life does not consist in the mere accumulation of money. It lies in the best exercise of the abilities that

God has given us, and in the proper improvement of the opportunities with which we are surrounded. The opportunities that are afforded to young men of this country are unsurpassed by those of any other country in the world. I sometimes think that none of us thoroughly appreciate as we should the inestimable blessing that we enjoy in our free citizenship, where any man may rise, and where we all stand upon an equality before the law. The history of American progress shows that the men who have achieved the highest success in this country were and are men who, as a rule, have commenced life in a humble circle, and have nobly and grandly worked their way up to prominence, wealth, and power. The names of some of them have become the common property of mankind, and their memory is more enduring than the statues or monuments we see around us as we walk along our crowded streets, or pass them in public plazas of the world.

"Mr. President, and gentlemen of the association: I congratulate you on the generous purposes and the eminently honorable record of your institution. My sympathies are with you and with your work, and again thanking you for the compliment you have paid me, allow me to proceed with the further duties of the evening."

Mr. Low's address is given elsewhere.

BANKING CONDITIONS AT CHICAGO.—The Chicago *Inter-Ocean*, in commenting upon the present condition of the banks of that city, says: "Chicago's loaning institutions have peculiar advantages for profitably placing their available funds through the fall and early winter months. Ordinarily large quantities of grain flow into our great elevators at this season, which appear on the loan market in the shape of warehouse receipts as collaterals. October, November and December are also busy months for pork packers. This year has been an exception to the general rule, however, in these respects. Grain stocks here have been very light, and until last week the arrivals of hogs have been discouragingly small. These drawbacks have been more than compensated for, on the other hand, by the facts that our Board of Trade houses have carried unusually liberal quantities of property at other points through the producing sections, and that money has ruled very firm at all the important financial markets. Entirely new and independent enterprises have been launched of late with some degree of freedom, and the managers of established industries have felt justified in expanding their lines of usefulness, upon borrowed capital, throughout the country that draws its financial sustenance from Chicago in the natural course of events. These things have brought a good deal of outside commercial paper here for discount, and the high rates of interest prevailing at the East have kept the paper drawn by our local merchants and manufacturers at home. Commercial collections have been made with comparatively little delay and friction, because of the prosperity of the agricultural classes. This would have swelled local deposits materially (in all probability) if merchants had not persisted in giving unreasonably long credit to their customers in all directions. Outside, or 'country' banks have appreciably withdrawn their balances here since October, as they have found profitable employment for their funds among their own people."

LOAN ASSOCIATIONS.—We learn that the Hon. Willis S. Paine, L.L.D., superintendent of the Banking Department of the State of New York, is busily occupied in writing a work which will treat of the advantages to be derived from building and loan associations, and the dangers attending them when placed in the hands of irresponsible parties. When finished, it will be an exhaustive treatise upon the work of such associations in all its aspects, and will give an opportunity to private citizens, who may become interested in enterprises of that character, to become thoroughly conversant with their workings and so be able to protect themselves from impositions to which, knowing as little as is commonly known of the details of the work, they are frequently obliged to submit.

SPRINGFIELD PYNCHON NATIONAL BANK.—The Pynchon National Bank, Springfield, Mass., will soon occupy its handsome new quarters on the first floor of the bank building. The new rooms will be as convenient as any banking rooms in the city, and will be fitted up very handsomely. The Pynchon Bank was organized as a State bank in June, 1853, with H. N. Case as president, and the late Henry Alexander, Jr., as cashier. From its organization till 1869, the capital stock of the

bank was \$150,000, but since then it has been \$200,000. The present directors are H. N. Case, Homer Foot, E. W. Bond, James Abbe, Lawson Sibley, H. C. Rowley and Charles Marsh.

PITTSBURGH BANKERS' BENEFIT ASSOCIATION.—In the Pittsburgh Chamber of Commerce rooms, on the 19th of December, one hundred and four bankers and bankers' clerks, of, in and about the city, belonging to their Mutual Benefit Association, met to hold their fifteenth annual election of officers. The successful candidates were: President, Ross W. Drum, of the Tradesmen's National Bank; vice-president, A. J. Lawrence, of Sproul & Lawrence; treasurer, N. Grattan von Bonhorst, People's Savings Bank; recording secretary, George W. Crawford, Diamond National Bank; corresponding secretary, J. M. Young, Second National Bank. The directors chosen were: A. H. Patterson, Duquesne National Bank; J. W. Taylor, City Savings Bank; John Dunwoodv, Iron & Glass Dollar Savings Bank; Daniel Beech, First National Bank of Birmingham, Southside; J. D. Troser, Monongahela National Bank; A. J. Sodon, Masonic Bank. Abraham Garrison, president of the Diamond National Bank, and Robert S. Smith, president of the Union National Bank, were elected trustees.

NORTH CAROLINA.—It is reported that the troubles of the Durham Bank are less serious than at first reported. The Charleston, S. C., *Budget* says: The Bank of Durham, it is stated on reliable authority, will pay one hundred cents on the dollar upon every dollar of its deposits, and, it is said that all the other parties will nearly, if not quite, pay dollar for dollar. The failures were not due to the lack of assets, but to the want of ready money to meet present demands. The Durham *Tobacco Plant* of the 15th instant says: The embarrassment is an honest one, and while it appears to have been visited in a large manner upon the community, and honorable gentlemen have suffered, nothing dirty will be found in the whole matter, we venture to say. But, upon the other hand, the verdict, we are sure, will be unfortunate, but highly honorable.

ST. LOUIS.—Isaac H. Knox, president of the National Stock Yards on the East Side, died last month. He was sixty-one years old, and was born in New York. He was for years in business in New York, as a member of the firm of Boerman, Johnson & Co., brokers, and came West in 1875 to take charge of the National Stock Yards, of which he was then and ever since has been president.

PENNSYLVANIA.—Efforts are being made in the Bucks County Courts to compel the stockholders of the defunct Newtown Banking Company to pay off the debts of that concern. A petition has been filed in the name of Franklin Buckman, one of the depositors of the bank, who alleges the refusal of the assignees of the broken bank to complete their trust, and setting forth that under its charter the stockholders of the bank are liable to the depositors for their losses. Judge Yerkes has granted a rule upon the assignors to show cause why the petition of Mr. Buckman should not be granted. The failure of the Newton Banking Company, ten years ago, was one of the greatest sensations ever known in Bucks county, and of the liabilities of more than \$125,000, only 20 per cent. has been realized and paid to the creditors by the assignees—William Wynkoop, of Newtown, and H. B. Eastburn, of Doylestown. Joseph Beans, the attorney who appears for Mr. Buckman, thinks that even after this lapse of time the stockholders of the bank—whom he holds are liable to the depositors—can be made to pay up; and, as there are numerous creditors throughout the county, the pending suit has attracted a great deal of attention.—*Philadelphia Record*.

SAN FRANCISCO.—This city can boast to-day that it contains institutions which will vie with those of any other on the continent in the extent of their business, the amount of capital employed, and the character of the buildings they occupy; while the reputation for soundness and safety which they enjoy, both at home and abroad, is of the most gratifying description. For many years a large share of the commercial business of the city was transacted through the banking house of Lazard Freres, from which was founded in January, 1884, the London, Paris and American Bank, limited, with an authorized capital of \$5,000,000. With the establishment of the new bank, the patronage which had been so liberally bestowed

upon Lazard Freres was materially increased. The facilities for transacting a banking business in all its departments, and the foreign connections of the bank were recognized and appreciated to such an extent, that it soon became evident a change to some building where an increase of room and better accommodations for the convenience of both customers and those engaged in conducting the bank's business would be advisable, if not absolutely necessary. Arrangements were made by the managers to occupy the building on the corner of Sutter and Sansome streets. The whole lower floor, 45 x 95 feet in size, was specially designed for the use of the bank, and no expense was spared to make it in every particular as perfect as possible. In point of interior elegance, perfection and convenience of appointments and arrangements, it has no equal in the city. Taken as a whole, the London, Paris and American Bank reflects credit upon those who have had charge of its financial affairs, as well as for the liberal expenditure and faith that has been displayed in fitting up the new building which they occupy. The authorized capital of the bank is \$5,000,000; subscribed, \$2,000,000; paid up, \$2,000,000; reserved fund, \$250,000. The officers are: Directors—William Paterson (chairman); James Whittall, Simon Lazard, Elie Lazard, Sigismund Louis Simon. Secretary—P. W. Robertson. Managers—D. Cahn, Eugene Meyer. Cashier—Charles Altschul. Bankers—Bank of England, Bank of Scotland. Agencies—Paris, Messrs. Lazard Freres & Cie., 17 Boulevard Poissonnière; New York, Messrs. Lazard Freres, 46 Exchange place.—*San Francisco Journal of Commerce*.

MASSACHUSETTS.—The oldest bank officer in the United States, William H. Foster, Esq., cashier emeritus of the Asiatic National Bank of Salem, died in that city last month, aged 91. His connection with the bank covered the remarkable period of 64 years, 56 of which were as cashier.

PHILADELPHIA.—The Keystone National Bank will soon move into its new home on the corner of Chestnut and Juniper streets. The banking-room, which occupies the first floor, a depth of about 130 feet by a width of 30 feet, is neatly and substantially finished. The bank fixtures are of quartered oak, paneled and elaborately carved. In the center, facing the entrance, with a wide avenue on either side, is the banking department, a capacious, well-lighted enclosure of an elliptical shape, and enclosure in heavy plate glass, in which are cut circular pay holes. Along the western wall, in the rear of the banking department, the president's room is located, a convenient, roomy apartment. Directly back of this are half a dozen stalls, with desks and other conveniences, for the use of the safe depositors. Each stall is separate and private. The remainder of the west side of the room is occupied by the large safe and vault. Several apartments are on the east side, including the directors' rooms, conversation rooms, and ladies' parlor.

NEW YORK CITY.—Charles I. De Baun, formerly the assistant cashier of the National Park Bank, has been brought back to the city for trial. He left New York in April last, just before an examination of his books convinced the bank directors that he had been engaged in a long-continued scheme of fraud. He was accused of embezzling \$95,000. He was arrested in August, near Sherbrooke, Canada, and the proceedings for his extradition have been stubbornly contested for several months. It is usually difficult to fix an extraditable crime on bank officials who defraud the institutions with which they are connected; but De Baun had not only falsified the books of the bank, but he had made false entries on other documents, and had thus brought his act within the common law definition of forgery. The Farmers and Merchants' Bank of Baltimore, a correspondent of the Park Bank, was defrauded by the forgeries. The Canadian Courts, after a long consideration of the case, decided against De Baun, and his extradition was granted. One of the two indictments for forgery in the second degree covers items to the amount of \$95,000, which, it is alleged, De Baun secured by false entries on the sheets on which the accounts of the Farmers and Merchants' Bank with the Park Bank were kept. The second indictment charges forgery in connection with a single item of \$3,000. The sentence under conviction in either indictment would be between two and ten years in the State prison.

JAPAN.—The *Japan Herald* says that the finance minister's scheme of converting the entire public debt of Japan into one five per cent. stock seems to be gradually being worked out, although much time will elapse before the plan can be entirely carried out. A new issue of some 7,500,000 yen of new redemption bonds has been authorized, but these will not depress the money market, inasmuch as it now appears that they will all be taken up by the post office, which has determined to invest all the funds belonging to the savings banks in these bonds.

A MAJORITY of the directors of the Bowery National Bank of New York have associated themselves together, and have formed "The Bowery Bank of New York," with a capital of \$250,000, which may be increased to one million dollars. Among the shareholders are C. W. Field, J. Q. Adams, A. C. Benedict, R. Hamilton, R. W. Hendrickson, J. R. Marvin, George E. Mott, B. A. Trowbridge and A. R. Van Nostrand.

CINCINNATI.—The Third National Bank has moved into their new building. It is thus described by the *Commercial Gazette*: The new Third National Bank building is of a broad order of the Romanesque. It is constructed of sandstone in two tints, the lighter stone being the Amherst sandstone, and the dark-brown the Ashland sandstone from the Lake Superior regions. The trimmings are all of light sandstone. The windows, with their low arches supported by cluster columns, are very handsome. All the exterior ornamentation, all the detail of carving and moulding, is carried out strictly in the Romanesque. The main entrance to the building is a beautiful arched doorway, the arch resting on two clusters of pillars. This door will be protected with a handsome grill door of artistic design and superb workmanship. It is made entirely of wrought-iron, with an antique finish in dead black. The roof is steep and French, with red tiles, against which the light stone of the gable and big chimney stands out in artistic contrast. A small niche between the main doorway and the secondary doorway on the ground floor will give light through stained glass, to the officers' rooms in front. The basement windows are all protected by handsome wrought-iron grill screens. The building is entirely fire-proof, the beams being all protected by fire-proof material and plaster. The interior—the banking-room proper—is a big, well-lighted apartment. The officers' rooms are in front. They are handsomely finished, with marble mantels and fireplaces. The main banking-room is handsomely frescoed, the prevailing tone being a warm yellow, with relief designs in Romanesque. The lobby is tiled with marble, and the wainscot is of the same material. On the left wall of the counting-room is a great marble fireplace and mantel, reaching nearly to the ceiling. It is the handsomest fireplace in the city, and on its irons in the grate, big logs will be burned. The counters are of white marble. The screens are of wrought-iron finished in dead black, like fashionable antique candlesticks. The vaults, safes and safe deposit appliances are all very handsome. There is a ladies' room and a gentlemen's room in the rear of the bank, and a large room overhead, suitable for meetings. It is a handsome building all round, from gable to cellar, and an addition to Third street that has long been needed. President Hearne will occupy the front office, while Cashier Lemmon will occupy a desk on a platform in the counting-room, that commands a view of the entire room and all the desks.

THE ISSUE OF COIN CERTIFICATES.—During the calendar year just closed there was a large increase to the paper currency of the country. This increase was in the form of coin certificates, and aggregates \$101,479,967. Of this amount over \$32,000,000 were gold, and over \$69,000,000 silver certificates. Of the former there are now outstanding \$128,888,448, and of the latter \$246,219,999. Adding these two amounts to the legal tender notes makes the volume of United States paper currency now outstanding, exclusive of national bank notes, \$448,161,053. The issue of silver certificates the past six months has been so steady and large, that the number of standard dollars in the Treasury owned by the Government is reduced to \$8,186,870. One year ago this amount was over \$42,000,000, and two years ago over \$71,000,000. The issue of certificates of small denominations has resulted in running down the Government's ownership of silver dollars. The number of these coins in actual circulation is less than

61,000,000. Over 315,000,000 silver dollars have been coined under the act of February, 1878. The issuance of certificates of small denominations has brought 307,000,000 of these dollars into use.

The reports of the New York Clearing-house returns compare as follows :

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Dec. 8..	\$389,089,500	878,148,400	\$29,947,000	\$403,566,300	\$5,096,400	\$7,203,825
" 15..	385,988,200	79,182,500	31,195,500	402,583,100	4,950,300	9,672,225
" 22..	380,501,700	77,767,300	29,682,300	400,299,900	4,867,300	7,374,665
" 29..	388,798,700	76,521,300	29,838,700	400,314,600	4,862,300	6,281,330

The Boston bank statement is as follows :

1888.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 1.....	\$149,680,400	\$3,886,200	\$4,018,300	\$125,174,400	\$4,628,200
" 8.....	148,398,600	9,495,300	4,347,900	124,961,900	4,235,900
" 15.....	147,538,000	9,676,900	4,572,700	122,400,900	4,065,200
" 22.....	148,142,900	9,746,900	4,817,000	121,875,900	4,055,600

The Clearing-house exhibit of the Philadelphia banks is as annexed :

1888.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 1.....	\$94,020,000	\$24,141,000	\$93,870,900	\$2,297,400
" 8.....	94,006,000	22,849,000	90,600,000	2,208,200
" 15.....	92,824,000	22,720,000	89,925,000	2,298,890
" 22.....	91,999,000	22,453,000	89,206,000	2,322,890
" 29.....	92,010,000	22,634,000	89,414,000	2,323,030

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows :

QUOTATIONS :	Dec. 3.	Dec. 10.	Dec. 17.	Dec. 24.
Discounts	5½ @ 6½	6 @ 6½	5½ @ 6½	5½ @ 6½
Call Loans.....	3 @ 2½	3 @ 1	4 @ 2½	5 @ 3
Treasury balances, coin.....	\$156,844,880	\$155,237,220	\$154,255,933	\$154,245,376
Do. do. currency.....	15,069,820	15,126,262	15,019,472	14,783,209

Sterling exchange has ranged during December at from 4.88 @ 4.89 for bankers' sight, and 4.84½ @ 4.85 for 60 days. Paris—Francs, 5.18½ @ 5.18½ for sight, and 5.22½ @ 5.21½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.84½ @ 4.84½; bankers' sterling, sight, 4.88½ @ 4.88½. Cable transfers, 4.89½ @ 4.89½. Paris—Bankers' 60 days, 5.22½ @ 5.21½; sight, 5.18½ @ 5.18½. Antwerp—Commercial, 60 days, 5.25½ @ 5.25. Reichmarks (4) — bankers, 60 days, 95 @ 95½; sight, 95½ @ 95½. Guilders—bankers', 60 days, 40½ @ 40½; sight, 40½ @ 40½.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 478.)

<i>State, Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....	Bowery Bank.....	.....
\$250,000	Henry P. DeGraaf, <i>P.</i>	Richard Hamilton, <i>Cas.</i>
ALA.... Tuscumbla.....	Tuscumbla Banking Co..	Chase National Bank.
\$50,000	Hinton E. Carr, <i>P.</i>	Chas. C. Rather, <i>Cas.</i>
ARK.... Fayetteville.....	Courtenay Rather, <i>V. P.</i>	.....
\$62,500	Bank of Fayetteville.....	First National Bank.
CAL.... Marysville.....	L. Gregg, <i>P.</i>	Mac Devin, <i>Cas.</i>
\$100,000	Decker, Jewett & Co.'s Bk	American Exchange Nat. Bank.
.....	John H. Jewett, <i>P.</i>	A. C. Bingham, <i>Cas.</i>
..... Stockton.....	Farmers & Merchants Bk	National Bank of the Republic.
\$50,000	Philip B. Fraser, <i>P.</i>	Chas. H. Keagle, <i>Cas.</i>
.....	D. S. Rosenbaum, <i>V. P.</i>	.....
COL.... Leadville.....	American Nat. Bank.....	.....
\$100,000	S. N. Dwight, <i>P.</i>	.....
..... Monte Vista.....	Bank of Commerce.....	Gilman, Son & Co.
.....	Albert M. Isbell, <i>P.</i>	Edward M. Perdew, <i>Cas.</i>
DAK.... Bryant.....	Merchants Bank.....	.....
\$25,000	Wm. Fisher, <i>P.</i>	C. C. Bratrud, <i>Cas.</i>
.....	O. H. Forde, <i>V. P.</i>	.....
..... Canova.....	Bank of Canova.....	.....
\$5,000	(E. J. Rogers)	.....
..... Columbia.....	Columbia City Bank.....	National Bank of the Republic.
\$25,000	Henry C. Sessions, <i>P.</i>	D. C. McKenzie, <i>Cas.</i>
..... Rolla.....	Rolette County Bank.....	American Exchange Nat. Bank.
\$20,000	Warren N. Steele, <i>P.</i>	Chas. F. Wilbur, <i>Cas.</i>
..... Sioux Falls.....	H. L. Hollister & Co....	Seaboard National Bank.
\$25,000	.....	Edgar S. McDonald, <i>Cas.</i>
..... Webster.....	Farmers & Merchants B.	Western National Bank.
\$25,000	F. H. Hagerty, <i>P.</i>	David Williams, <i>Cas.</i>
.....	Jay A. Paulhamus, <i>V. P.</i>	.....
GA.... Cordele.....	Bank of Cordele.....	Mercantile National Bank.
\$50,000	John E. D. Shipp, <i>P.</i>	Joseph E. Bivens, <i>Cas.</i>
ILL.... Lawrenceville.....	Lawrenceville Bank.....	National Park Bank.
.....	(McCleave & Barnes.)	John W. McCleave, <i>Cas.</i>
..... Mount Carroll.....	Carroll Co. Bank.....	National Park Bank.
\$50,000	O. F. McKenney, <i>P.</i>	J. M. Rinewalt, <i>Cas.</i>
.....	Geo. D. Campbell, <i>V. P.</i>	.....
..... Rockford.....	Manufacturers Nat. Bank	National Park Bank.
\$125,000	C. O. Upton, <i>P.</i>	Aug. P. Floberg, <i>Cas.</i>
.....	Anthony Haines, <i>V. P.</i>	Chas. E. Herrick, <i>Ass't Cas.</i>
IND.... Knightstown.....	Citizens State Bank.....	National Bank of the Republic.
\$28,350	E. N. Wilkinson, <i>P.</i>	John A. Craft, <i>Cas.</i>
.....	L. P. Newby, <i>V. P.</i>	.....
IOWA.... Castana.....	Castana Bank.....	.....
.....	Geo. P. Wiley, <i>P.</i>	.....
..... Logan.....	John W. Wood & Sons.	National Park Bank.
.....	Parker, Judge & Norton.	.....
\$75,000	.....	.....
KAN.... Colby.....	Hall & Martin Bank.....	Hanover National Bank.
\$50,000	C. H. Martin, <i>P.</i>	E. H. Hall, <i>Cas.</i>
.....	Citizens State Bank.....	.....
\$30,000	James A. Kenyon, <i>P.</i>	John C. Gillen, <i>Cas.</i>
.....	.....	N. A. Lamson, <i>Ass't Cas.</i>
KY.... Stanford.....	Lincoln National Bank..	.....
\$200,000	Samuel H. Shanks, <i>P.</i>	John B. Owsley, <i>Cas.</i>
MD.... Oakland.....	Garrett County Bank.....	.....
\$25,000	Daniel E. Offutt, <i>P.</i>	Scott T. Jones, <i>Cas.</i>
MICH.... Bessemer.....	First National Bank.....	Hanover National Bank.
\$50,000	Joseph Sellwood, <i>P.</i>	Geo. H. Strong, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
MICH...	Carsonville.....	Exchange Bank..... (\$20,000 (David Crorey.)	.....
"	.. Lake Linden...	First National Bank..... (\$100,000 John Trelease, <i>P.</i> Wm. Harris, <i>V. P.</i>	Hanover National Bank. Wm. G. Hegardt, <i>Cas.</i>
"	.. Perrinton	A. H. Phinney.....	Chemical National Bank.
MINN...	Minneapolis....	Irish-American Bank.... (\$100,000 J. S. Coughlin, <i>P.</i> J. E. Gould, <i>V. P.</i>	American Exchange Nat. Bank, J. C. Scallen, <i>Cas.</i>
"	.. Springfield.....	Bank of Springfield..... (\$50,000 (L. M. Street)	.....
"	.. Tracy.....	Commerce Bank	Chase National Bank.
MISS ..	Greenville.....	Citizens Savings Bank... (\$50,000 Andrew P. Keesecker, <i>P.</i>	John E. Evans, <i>Cas.</i> Mechanics & Traders Bank.
MO....	Bunceton	Bank of Bunceton..... (\$12,000 James H. Goodwin, <i>P.</i> Edward Cramer, <i>V. P.</i>	Joseph S. McDonald, <i>Cas.</i> American Exchange Nat. Bank. Emil W. Moore, <i>Cas.</i>
"	.. Kansas City....	Peoples Guaranty Sav. B. (\$50,000 Clarence A. Parks, <i>P.</i> T. B. Bullene, <i>V. P.</i> T. P. Dickson, <i>2d V. P.</i>	..... Edwin I. Parks, <i>Cas.</i>
"	.. Marceline	Sante Fe Exchange Bank. (\$15,000 H. K. West, <i>P.</i> D. S. Day, <i>V. P.</i>	..... Wm. Taylor, <i>Cas.</i>
"	.. Trenton.....	Grundy County Nat. Bk. (\$50,000 C. A. Hoffman, <i>P.</i> Henry Stein, <i>V. P.</i>	..... Henry F. Hoffman, <i>Cas.</i> D. W. Coon, <i>Ass't Cas.</i>
NEB....	Kearney.....	John F. Burt & Co.....	.....
"	.. Lincoln.....	American Exch. Bank... (\$100,000 Isaac M. Raymond, <i>P.</i> Lewis Gregory, <i>V. P.</i>	Chase National Bank. Silas H. Burnham, <i>Cas.</i> D. G. Wing, <i>Ass't Cas.</i>
"	.. Nemaha City...	Farmers State Bank..... (\$10,000 H. W. Shubert, <i>P.</i> T. B. Skeen, <i>V. P.</i>	..... G. V. Argabright, <i>Cas.</i>
"	.. Tilden	Tilden State Bank..... (\$30,000 G. A. Luikart, <i>P.</i> John A. De Wolf, <i>V. P.</i>	Gilman, Son & Co. A. J. Dunlevey, <i>Cas.</i>
N. Y ...	Tonawanda....	German-American Bank. (\$35,000 Martin Riesterer, <i>P.</i> John E. Oelkers, <i>V. P.</i>	Seaboard National Bank. Edward G. Riesterer, <i>Cas.</i>
OHIO...	Cleveland.....	State National Bank..... (\$500,000 James Farmer, <i>P.</i> Morris A. Bradley, <i>V. P.</i>	..... Henry C. Ellison, <i>Cas.</i> H. R. Sanborn, <i>Ass't Cas.</i>
"	.. Green Springs..	Smith, Holtz & Co..... (\$10,000	Fourth National Bank. Orson McIntire, <i>Cas.</i>
"	.. Osborn.....	Osborn Bank..... (\$15,000 Chas. L. Gerlaugh, <i>P.</i> Jacob C. Smith, <i>V. P.</i>	Chase National Bank. Chas. C. Jackson, <i>Cas.</i>
"	.. Yellow Springs.	Citizens Bank.....	Chase National Bank. S. S. Puckett, <i>Cas.</i>
ORE....	Heppner.....	Nat. Bank of Heppner.. (\$50,000 D. P. Thompson, <i>P.</i>	..... Ed. R. Bishop, <i>Cas.</i>
TENN ..	Gordonsville...	Bank of Gordonsville... (\$30,000 B. A. James, <i>P.</i> J. F. Winfree, <i>V. P.</i>	Merchants Exchange Nat. Bank. Wm. Gwaltney, <i>Cas.</i> J. S. James, <i>Ass't Cas.</i>
WIS... ..	Whitehall.....	John O. Melby..... (\$10,000	Bank of North America.
MAN'BA.	PortagePrairie Com. Bank of Manitoba.	.....	.....
"	.. PortagePrairie	Imperial B'k. of Canada. N. G. Leslie, <i>M'gr.</i>	.....
	Montreal.....	Bank of Nova Scotia. .. { F. V. MacDonald and { F. Kennedy, <i>Agents.</i>	Bank of N. Y. N. B. A.

CHANGES OF PRESIDENT AND CASHIER..

(Monthly List, continued from December No., page 477.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. Y.	CITY.. Central National Bank...	W. L. Strong, <i>P.</i>	Wm. M. Bliss.
"	" .. First National Bank.....	Valentine P. Snyder, <i>Cas.</i>	E. Scofield.
"	" .. Germania Bank.....	Marc Eidlitz, <i>P.</i>	C. Schwarzwaelder.*
		Edward C. Schaefer, <i>V. P.</i>	Marc Eidlitz.
ARK	Washington Co. Bank, Fayetteville.	S. P. Pittman, <i>P.</i>	Wm. B. Welch.
"	" .. Amer. Nat. Bank, Fort Smith..	A. L. Williams, <i>Cas.</i>	Mac Devin.
"	" .. E. C. Haskett, <i>Cas.</i>	S. N. Dwight.	
CAL	First National Bank, Stockton	Arthur W. Bell, <i>Cas.</i>	Phil. B. Fraser.
CONN	Charter Oak N. B'k., Hartford.	James Nichols, <i>V. P.</i>	L. J. Hendee.
"	" .. N. Tradesmens B., New Haven.	Geo. A. Butler, <i>P.</i>	M. G. Elliott.
DAK	First Nat. Bank, Larimore.....	F. S. Edison, <i>V. P.</i>	C. C. Wolcott.
"	" .. First National Bank, Pierre.	C. C. Bennett, <i>P.</i>	Fred T. Evans.
		Eugene Steere, <i>Cas.</i>	
DEL	Farmers Bank, Wilmington..	Thos. E. Young, <i>Cas.</i>	A. G. Robinson.
FLA	Ambler, Marvin & Stockton, Jacksonville.	Thos. W. Conrad, <i>A. Cas.</i>	.....
GA	Newman National Bank, Newman.	Joseph T. Kirby, <i>Cas.</i>	John S. Hollinshead
		John S. Hollinshead, <i>A. C.</i>	.....
ILL	Exchange Bank, Lanark.....	Amos Wolf, <i>Cas.</i>	M. Wolf.*
IND	State B. of Jennings Co., Vernon.	Jacob Foebel, Jr., <i>P.</i>.....	.....
"	" .. Central State Bank, West Lebanon.	James Goodwine, <i>P.</i>	Frank C. Fleming.
		Frank C. Fleming, <i>V. P.</i>	.....
IOWA	Bank of Calliope, Calliope.	Chas. W. Partridge, <i>P.</i>.....	.....
"	" .. Farmers & Merchants Bank, George.	Frank R. Burlingame, <i>C.</i>	.....
"	" .. C. S. McLaury, <i>P.</i>	John D. Bassett.	
"	" .. Wm. Archer <i>Cas.</i>	H. A. Moore.	
"	" .. Bank of Manilla, Manilla.	L. M. Shaw, <i>P.</i>	L. F. Smith.
"	" .. C. F. Kuehnle, <i>V. P.</i>.....	.....
"	" .. D. W. Shaw, <i>Cas.</i>	J. M. Roseberry.	
"	" .. Ocheyedan Bank, Ocheyedan...	E. Baker, <i>Cas.</i>.....	.....
"	" .. Sibley Exchange B., Sibley....	R. A. Harbord, <i>P.</i>	M. B. S. Dodsworth.
		G. Q. Berryman, <i>P.</i>.....	.....
KAN	Elk City Bank, Elk City.	C. Q. Chandler, <i>V. P.</i>.....	.....
"	" .. J. W. Berryman, <i>Cas.</i>.....	.....
"	" .. Wyandotte N. B., Kan. City...	Geo. L. Kroh, <i>P.</i>	J. W. Sponable.
"	" .. M'fs. Nat. Bank, Leavenworth.	E. W. Snyder, <i>P.</i>	J. C. Lysle.
"	" .. Bank of Lyons, Lyons.....	D. M. Bell, <i>P.</i>	E. A. Deupree.
"	" .. Madison Bank, Madison.....	C. T. Cavaness, <i>Cas.</i>.....	.....
"	" .. First Nat. B., Medicine Lodge.	J. C. Thurman, <i>A. Cas.</i>	.....
KY	Nat. Exchange B., Lexington..	David Bennett, <i>P.</i>	John B. Wilgus.
"	" .. Winchester National Bank, Winchester.	Claiborne Lisle, <i>V. P.</i>.....	.....
		Webb Johnson, <i>Cas.</i>	Leslie Thompson.
ME	Ocean Nat. Bank, Kennebunk.	Chas. R. Littlefield, <i>Cas.</i>	C. Littlefield.
MD	North Baltimore Sav. Bank, Baltimore.	Fred'k D. Morrison, <i>T.</i> ...	Robertson Taylor.
		Robertson Taylor, <i>V. P.</i>	.....
MASS	Union Savings Bank, Fall River.	Andrew J. Borden, <i>P.</i>	Benj. Covell.
		Jerome C. Borden, <i>Treas.</i>	.....
MICH	Bowne & Combs, Middleville..	T. J. Bush, <i>Cas.</i>	M. C. Griswold.
MINN	Farmers & Merch. B., Appleton.	K. Cleophas, <i>Cas.</i>.....	.....
"	" .. Beaver Creek Bank, Beaver Creek.	P. E. Brown, <i>P.</i>	F. S. Gibson.
"	" .. J. P. Richardson, <i>Cas.</i>	C. W. Smith.	
"	" .. N. B. of Commerce, Minneapolis.	J. W. Raymond, <i>P.</i>	E. A. Harmon.
NEB	State Bank, Lushton.	G. W. Clawson, <i>P.</i>	C. F. McGrew.
"	" .. First National Bank, Ord.	Fred B. Bartlett, <i>Cas.</i> ...	Geo. A. Percival.
		W. E. Mitchell, <i>A. Cas.</i>	Fred B. Bartlett.
N. H.	Littleton Nat. Bank, Littleton..	H. K. Hallett, <i>Cas.</i>.....	.....
N. Y.	N. Y. State Nat. B., Albany...	Willis G. Nash, <i>Cas.</i>	W. D. Wemple.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
OHIO...	Peoples National Bank, Bellefontaine.	Rob't Lamb, <i>P.</i>	Abner Riddle.
" ..	First Nat. Bank, Middletown..	R. B. Keller, <i>Cas.</i>	Rob't Lamb.
" ..	First Nat. Bank, Wilmington.	Morris W. Renick, <i>Cas.</i> ..	J. R. Allen.
TENN...	First National Bank, South Pittsburg.	A. J. Wilson, <i>V. P.</i>	C. A. Bosworth.
VT.	Merch. N.B., St. Johnsbury...	A. L. Spears, <i>P.</i>	W. M. Duncan.
		W. M. Duncan, <i>V. P.</i>	G. C. Conner.
		T. G. Garrett, <i>Cas.</i>	John W. Childress.
		H. W. Allen, <i>Cas.</i>	W. S. Streeter.

CHANGES, DISSOLUTIONS, ETC.

(Continued from December No., page 479.)

- N. Y. CITY..... Bowery National Bank has gone into voluntary liquidation, and succeeded by Bowery Bank, same officers.
- ARK.... Hope..... Peoples Bank (Sidney B. Wood), now W. R. Crossett, proprietor.
- CAL.... Marysville. Decker, Jewett & Co. has been incorporated.
- " .. San Diego..... San Diego National Bank is retiring from business, no successors.
- " .. San Francisco.. California National Bank, reported suspended.
- COL.... Summitville.... Chapman & Weiss have retired from business.
- DAK.... Bowdle..... Davies & Easton, now J. G. Davies.
- " .. Bryant..... Bank of Bryant, succeeded by Merchants Bank.
- " .. Columbia..... First National Bank has gone into voluntary liquidation, and succeeded by Columbia City Bank.
- IND.... West Lebanon. Central Bank, now Central State Bank, incorporated.
- IOWA... Newell..... S. A. Parker, succeeded by Parker, Judge & Norton, same correspondents.
- KAN ... Colby..... First National Bank has gone into voluntary liquidation, and succeeded by Hall & Martin Bank, same officers and correspondents.
- " .. Elk City..... Elk City Bank has been incorporated.
- " .. Greensburgh... Greensburgh State Bank has transferred their business to the Bank of Greensburgh.
- " .. Kingman..... Citizens National Bank has gone into voluntary liquidation.
- " .. Russell Springs. First National Bank has gone into voluntary liquidation.
- " .. Sheridan..... Citizens Exchange Bank, now located at Selden as the Citizens State Bank, same officers.
- " .. Turon..... Bank of Turon (C. R. Reed), now M. H. Potter, proprietor, same correspondents.
- " .. Wallace..... Merchants Bank reported assigned.
- KY.... Stanford... .. Farmers National Bank, now Lincoln National Bank, same officers.
- MICH... Bessemer.. Bessemer Bank (Joseph Sellwood & Co.), now First National Bank.
- " .. Lake Linden... Sutter's Bank (D. W. Sutter), succeeded by First National Bank.
- MINN... Appleton..... Farmers & Merchants Bank (E. A. Burrage), now Cleophas & Spencer, proprietors.
- " .. Nemaha City.. Nemaha City Bank, succeeded by Farmers State Bank.
- NEB.... Burnett..... Bank of Burnett has been succeeded by the Tilden State Bank, located at Tilden.
- " .. Cedar Rapids.. Cedar Valley Bank (T. P. Stephens), now Stephens & Squair, proprietors.

NEB.... Wood River.... Hall County Bank, now First National Bank, same officers and correspondents.

OHIO.... Cleveland.. Ohio National Bank, now State National Bank.

WASH . Dayton..... National Bank of Dayton has gone into voluntary liquidation.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from December No., page 478.)

3943	First National Bank.....	Vincent Boreing, London, Ky.	R. C. Ford,	\$50,000
3944	Second National Bank.....	Richard D. Davis, Ashland, Ky.	Edward Mitchell,	50,000
3945	Berwyn National Bank.....	Joseph W. Sharp, Berwyn, Pa.	J. Comly Hall,	50,000
3946	Grundy Co. National Bank...	Christopher A. Hoffman, Trenton, Mo.	Henry F. Hoffman,	50,000
3947	First National Bank.....	Joseph Sellwood, Bessemer, Mich.	Geo. H. Strong,	50,000
3948	First National Bank.....	John Trelease, P. Lake Linden, Mich.	Wm. G. Hegardt,	100,000
3949	American National Bank.....	S. N. Dwight, Leadville, Col.		100,000
3950	State National Bank.....	James Farmer, Cleveland, Ohio.	Henry C. Ellison,	500,000
3951	First National Bank.....	J. E. Crandall, Johnson City, Tenn.	D. S. McIntire,	50,000
3952	Manufacturers Nat. Bank. ...	Chas. O. Upton, Rockford, Ill.	August P. Floberg,	125,000
3953	National Bank of Heppner...	D. P. Thompson, Heppner, Ore.	Ed R. Bishop,	50,000
3954	Lincoln National Bank.....	Samuel H. Shanks, Stanford, Ky.	John B. Owsley.	200,000

DEATHS.

AMES.—On November 6, aged fifty-one years, ROBERT AMES, President of Factory Point National Bank, Manchester Centre, Vt.

BAILEY.—On December 17, aged sixty-eight years, FRANCIS P. BAILEY, Cashier of Marine National Bank, Erie, Penn.

DUGUID.—On December 30, aged fifty-five years, HENRY L. DUGUID, President of Syracuse Savings Bank, Syracuse, N. Y.

GRIGGS.—On November 24, W. L. GRIGGS, President of Fourth National Bank, Dallas, Texas.

HENRY.—On December 21, aged sixty-six years, JOHN Q. HENRY, President of Shoe & Leather National Bank, Boston, Mass.

MOSS.—On November 6, AUGUST H. MOSS, President of Moss National Bank, Sandusky, Ohio.

STEELE.—On November 30, aged sixty years, CHARLES R. STEELE, President of First National Bank, Waukegan, Ill.



FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, DECEMBER, 1888.

Opening, Highest, Lowest and Closing Prices of Stocks and Bonds in December.									
GOVERNMENTS.					RAILROAD STOCKS.				
Interest Periods	Open- ing.	Highest- est.	Low- est.	Clos- ing.	Col. H. Valley & Tol.	Col. & H. C. & I.	Del. & Hudson.	Del., Lack. & W.	Den. & Rio Grande.
Quarterly	108	108½	108	108½	Do.	Do.	Do.	Do.	Do.
Jan.	109	109	108½	108½	East Tenn. V. & G.	1st pref.	Do	Do	Do
Feb.	127½	128	126	126½	Fort Worth & Den.	2d pref.	Do	Do	Do
Jan.	118	119	118	119	Houston & Texas C.	Do	Do	Do	Do
& July.	124½	125	124½	125	Illinois Central.	Do	Do	Do	Do
Do.	127½	128	127	127½	Indiana, Bloom. & Western.	Do	Do	Do	Do
Do.	130	131	130	130	Lake Erie and Western.	Do	Do	Do	Do
Do.	130	131	130	130	Lake Shore.	Do	Do	Do	Do
Do.	130	131	130	130	Long Island.	Do	Do	Do	Do
Do.	130	131	130	130	Louisville and Nashville.	Do	Do	Do	Do
Do.	130	131	130	130	Louisville, N. Alb. & Chic.	Do	Do	Do	Do
Do.	130	131	130	130	Manhattan Consol.	Do	Do	Do	Do
Do.	130	131	130	130	Marq. H. & O.	Do	Do	Do	Do
Do.	130	131	130	130	Memphis & Charleston.	Do	Do	Do	Do
Do.	130	131	130	130	Nicholson & Charleston.	Do	Do	Do	Do
Do.	130	131	130	130	Mil., L. S. & W.	Do	Do	Do	Do
Do.	130	131	130	130	Do	Do	Do	Do	Do
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THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

FEBRUARY, 1889.

No. 8.

BANK COMMISSIONERS' REPORTS AND EXAMINATIONS.

This is the time for many of the Bank Commissioners to present their annual or biennial reports to the State authorities, showing the condition of the institutions which they are required to examine. These reports contain several matters which are of interest to the general public. In the first place they show a very fair return on the money invested; and what is more important, that the general management of banking institutions is conservative, keeping for the most part within the region of safe investments. Here and there a failure has occurred, with its accompanying evils, but these have been few compared with the entire number.

In some States, however, no office has yet been established for examining and reporting on the condition of their financial institutions. Most of the older States long ago appointed commissioners, and their work, we think, has been approved by those who have followed it from year to year, and has justified the needful expenditure. One of the oldest of these reports is from Massachusetts, which has always been a satisfactory one. The commissioners usually have possessed a high degree of fitness for their office, and many of their remarks and criticisms are weighty. The same thing, also, is true of the reports of the Bank Superintendent of New York, as well as those of other States. Elsewhere in

the present number will be found extracts from some of these reports, and only lack of space prevents a more complete review of their work.

Discussion has long been rife concerning the expediency of such examinations, and no little opposition exists to them in some quarters. Much has been said concerning national bank examinations, and we do not propose to look at that side of the subject at this time. There are other reasons, however, in our judgment, for having such officers of this character. In the first place, a variety of financial institutions have been started within a few years, and the number and diversity are increasing. Many of them have been set afloat by workingmen, and who, perhaps, do not well understand how to conduct such business. They have the best intentions, but, in order to lessen expense, or, perhaps, from lack of knowledge, they do not think that a complete system of keeping accounts is needful, and so they have adopted short methods, which, too often, have resulted in severe loss. Any one can readily recall too many instances of well-intended savings institutions, and other means for keeping and investing the savings of the working classes, which have come to naught. Among the most noteworthy of late years was the experiment of Archbishop Purcell, of Cincinnati. When the failure occurred it appeared that he had only a few memorandums relating to the deposits of a large number of persons. No accounts whatever worthy of the name were kept by the distinguished prelate. His honesty and right purpose were never questioned, and so his parishioners readily confided in him, supposing, of course, that he would care for their funds properly, and that, in due time, they would receive their own with interest. The end of this affair is not yet; but one thing is certain, the depositors will receive but a very small fraction of the sums originally left with the bishop. Indeed, we believe, it is not yet certain how much money he did receive from them, for his own accounts do not even show this. The information, to a considerable extent, is collected from those who left their money with him, and not from books kept by himself. The building and loan associations have several hundred millions of dollars, and for the most part have been managed with great economy and success. But they have no offices, their business is conducted in the evening, they have no regular paid officers, unless he be a secretary, who receives a small salary; and while the interest of the members may lead them to watch their enterprises more closely than investors do generally, they occasionally fail. Some of the failures show plainly the necessity of public supervision.

There is also a large number of workingmen's insurance societies, which fall within the same category. The insured can ill afford

to lose their money, for, though their losses might be small in amount, they would occasion great suffering. The State, in our judgment, has a duty to perform in protecting these investments, not so much from fraud as from neglect or lack of knowledge in keeping the proper record of the transactions. To these illustrations many could be added showing the extent of the field in which an intelligent and systematic supervision could be wisely exercised by the State.

Of course, the old argument is always made to do duty, that if people cannot manage their affairs wisely let them pay the penalty of losing what they have. And the other argument is that the business of these institutions or of individuals ought not to be exposed to the public eye. We do not think that either of these objections to State supervision is very weighty. In the first place, so far as banking institutions receive charters from the State, there can be no question whatever concerning its duty to exercise such supervision as may be needful to keep them within their proper province. We all know that, like individuals, they may go too far if tempted by the prospect of gain, therefore a wholesome check of this kind is needed to restrain them from going beyond their lawful limit. But it is said that if this power can be rightfully exercised by the State with respect to chartered institutions, it should not, and ought not to go further; that it is too much to let a public official see the inside of one's business. Among the national banks this objection was raised in their earlier history; but long since it died out, and they now take kindly to examinations, for the reason that if doing business in a conservative manner, their approval by the Government is proof that they are worthy of confidence. If individuals are keeping within their proper sphere, then they should not object to examinations on this ground. A competent official would not disclose their business, and it may be said in this place that, notwithstanding the frequent changes in officials, they have rarely abused their position in this regard. We do not know of a case in which a bank has complained of the improper disclosure by an examiner in performing his duty, and certainly, if he is rightly chosen, there is no danger of his doing so. So the only institutions or individuals who have anything to fear from an examination are those that are trying to do wrong things, and who ought to be prevented from doing them. Indeed, this is the very reason why such an officer should be in the field everywhere.

The efficiency of the examination depends entirely on the competency of this officer. Of late years their quality has improved. This applies as well to railroad as to bank examiners. What, therefore, should be done is, to extend the system through all

the States, and then to select competent examiners and keep them in permanently, for their efficiency depends much on their knowing the condition of the various institutions they are required to examine, the character of their officers, etc. If they were thus appointed and kept in office, they would do a useful service, and, in view of the growing diversity of financial institutions, and the investment of so much money in them by the working classes, who can ill afford to lose anything, the States ought not only to create these offices where they do not exist, but pay the utmost attention to the filling of them with competent permanent officials.

AMERICAN AND FOREIGN BUSINESS METHODS COMPARED.

The recent conference between the railroad managers of our country and several large banking houses who represented foreign owners of bonds and stocks, starts the inquiry whether foreign methods of doing business are more conservative and sagacious than our own. Many of the American railroad companies, as we all know, have been doing business, either at a loss or at excessively low rates, and the foreign interest, believing that this was the result of a wrong policy, have sought through their agents to have some arrangement effected whereby a more regular income could be secured. The newspapers say that the railroad managers were not altogether pleased at the attitude in which they found themselves; their assembling on the solicitation of the bankers was a kind of implied confession of wrong-doing, and the public generally regarded the meeting as one of inquiry and confession, closing with pledges for future good behavior. Of course, these managers, on many an occasion, have of their own accord met for mutual conference, and no one has interpreted their conduct as implying that they were under the guardianship of, or amenable to, any other power. We rejoice that such a power does exist, for many of the worst mistakes of railroad managers have sprung from too great confidence in their position; that they were responsible to no one; and could do quite as they pleased. If this be a new experience for them, the cup of humiliation was a needful one to drink, and we trust that its good effects will last for a long time.

Abroad, railroad managers have conferences like our own, agreements are made and changed from time to time; but, certainly, no conference there has had an origin similar to this. Is it true, then, that our railroad officials are less sagacious or honest, or

more reckless than the railroad managers in the old world? That ours were in the wrong is clearly shown by the agreement adopted for restoring rates and their maintenance in the future. Had these not been cut, or, in other words, had harmony existed among the various competing lines on some fairly paying basis, we should never have heard of this conference. It is true that American railroad managers are far more daring and reckless than those abroad. The reason is, until recent years no transportation or other business was seriously affected with permanent competition. Men, therefore, could do a thousand things which would be condemned abroad, and which, if done there, would have resulted in immediate injury or speedy ruin. The rapid growth of our country has repaired many an unwise investment—excessive railroad building and other mischiefs of that kind. Moreover, many of these blunders have been repaired so quickly as to escape the knowledge of the public. Abroad, where the growth of the several countries has been slower, mistakes have been less frequent, and greater circumspection has been needful to prevent losses. So the managers here have continued in their old way, projecting great lines, incurring heavy expenses, believing that in a short time at least they would pay, and the wisdom of them, if not altogether clear in the beginning, would be speedily demonstrated.

It is evident that the time has now come when railroad management, based on the ideas which have prevailed in the past, must come to an end. All the great lines east of the Mississippi have been completed. While railroad building will continue in all sections of the country in varying degree, it will be the filling in of breaks here and there, the development of systems already built. Even west of the Mississippi it may be questioned whether the lines running to the Pacific will not be the projectors and owners of all the various additions which are likely to be made in that portion of our country. Perhaps there may be some independent north and south lines built; but even this may be doubted. We may regard our systems, therefore, as essentially established, and all additions must be made with reference to them. The element of competition is becoming keener and keener, the tendency of rates is constantly downward, and unless this be for a temporary purpose, is never likely to be increased. Should a movement of this kind ever be attempted, it is quite probable that the State legislatures would immediately exercise their power to make a maximum rate, and thus confine the railroads to their present earning capacity.

The foreign holders seem to perceive the situation more clearly than we do ourselves, and the reason has already been given. They live in countries possessing entirely different conditions, and

they see clearly enough, therefore, what the effect must be of establishing and continuing such a policy, or rather lack of policy, which has existed among many of our great corporations for the last few months. Is it any wonder, then, that they should seek in some fitting way to put an end to these things; to bring our railroad managers, as it were, to their senses, and to make them see more clearly what they are doing, and the probable end of their course? It must be said in defense of the managers that they did not expect the low and demoralizing rates that have been prevailing to continue forever; but then the foreign owner at once said, Why should it exist at all? Why should there not be harmony, in view of the fact that all the several interests were working for the same end?

No one will pretend that the American manager has less regard for dividends, or is really less ambitious to make a good showing for his company than foreign managers are for theirs. Both are on the same plane in this respect. They have the same conception of the public welfare. The difference is simply one of policy; the ends of the two are the same. The foreign manager says, let us have uniform rates, let them be permanently maintained. The American manager says, if my competitors will not deal fairly by me, let us have a war that shall bring them to their senses. The one may be called the rough-and-ready method, the other the method of reason. It cannot be said that the rough-and-ready method has always failed; on the other hand, in our rough, stirring country hitherto it has generally been very effective; but it may be questioned whether or not we have not reached a plane of development in which this method must give way to the higher and rational one. The situation reminds one of the pioneer days of settlement, in which every man carried his bowie knife, and was his own arbiter and executor of the law. The railroad managers have not thought much of appealing to the law whenever unreasoning and destructive competition occurred. Sometimes, it is true, they have tried arguments and agreements; but these have been broken so often that honest railroad managers have despaired of accomplishing anything in this manner. So war has been the order of the day. Once more reason is on the throne, new agreements have been made; and all will watch with intense interest this last experiment in the way of conducting rival railroads on rational principles.

There is another side to this question, hardly less important than that above noted—the effect of these terrible rivalries and competitions on business. A newspaper reported a day or two ago that several large trunk factories in Wisconsin had been obliged to close since the restoration of rates, and will close permanently

or start in a locality more favorable to their business. The increased rates have swept away all prospective profits, and meant absolute bankruptcy if the business were continued. How many concerns in the various parts of our country have a similar history? When the rates for carrying flour were made the same for Buffalo as for Rochester, milling in the latter center, which had been a great industry, disappeared. Numberless instances might be given in which industries have been paralyzed by a change of railroad rates. This is not the least evil springing from railroad rivalries. Whether these companies in Wisconsin, which have recently closed, were established before the low rates were established, we do not know; but they had flourished, and evidently supposed they would always.

Two policies may be adopted by the railroads which are perfectly fair to their customers. A permanent rate may be adopted and maintained, and then, if the manufacturer or merchant cannot sustain himself, the consequence must not be charged to the transportation company, but solely to himself or other causes. But whenever lower rates are made by other lines to their customers, what shall be done? Suppose the first road says, we have established our rate, and we propose to maintain it; if you cannot live, we regret the consequence, but we cannot help you. The merchant or producer in that case, if finding himself unable to compete successfully, would be obliged to close, like the Wisconsin concerns, and go elsewhere. Changes of this nature, in truth, occur constantly. At the present time there is a great development in the iron industry in Alabama and Tennessee. Eastern and Western capitalists, believing that there is a great future for capital in that section, are putting millions into iron plants in those States. On the other hand, a railroad company can meet such changes by reducing its rates, and thus keep its old patrons alive and their own business good. It will be clearly seen that the fortunes of the patron of the road and the road itself are identical in this regard, and that if the shipper suffers in consequence of the good fortune of a rival, the railroad company also must suffer. Did the latter do nothing for its shipper its business might entirely go. But it cannot be maintained that the railroad company is under any obligation to change its rate in order to favor the shipper; whether it shall do so turns on the question of income to the road, and fair dealing with other shippers engaged in the same business, located at different points. This is one of the most vexatious questions of the time, and is intimately bound up with the future success of these enterprises. Shall permanent rates be established and maintained at all hazards, or shall the railroad companies eventually go into partnership with their shippers and

make such rates that both can live? The magnitude of this question at once appears from this form of statement. In the past, it has been loosely conducted, the railroads sometimes doing one thing and sometimes the other; but the time is near at hand when the railroad companies must perforce adopt one policy or the other. Some railroad companies have large interests in furnaces and manufactures along their lines of transportation. This expansion of the railroad business is not warranted by charter, and is a hazardous policy at best, but the object of it is to build up a business and make it secure. This question is so great that perhaps only the State can deal with it effectively. What they would do can be answered at once. Rates of some kind would be made and maintained, and the shipper would simply take his chances. He would not look to the railroad company for assistance. If the roads favored him largely it would be his own good fortune. If they were against him, he could not blame the company for the consequences.

The restoration of rates will no doubt lead to many entanglements of which we shall learn more and more in the future. They will emphasize the difficulty above noted, and perhaps help on the growing movement towards State interference. More and more the public seems to turn to the State for a settlement of this question. Surely, if this last effort of the railroad managers to attain peace and preserve harmony among themselves should prove a failure, the demand for State action would become more imperative than ever.



Profits in Mining.—The *Engineering and Mining Journal*, in its annual review of mining, has some very interesting statistics concerning the profitableness of our mining industries. It remarks that many of the most profitable mines, owned either by individuals or close corporations, make no returns whatever of dividends, and, therefore, the public possesses only an inadequate idea of the profits derived from this source; yet those of sixty-four mines exceed thirteen millions of dollars during last year. The fact may also be added that these sixty-four mines have returned to their shareholders in the aggregate more than a hundred millions of dollars. The market value of thirty-seven of them at the close of the year was over ninety millions, and their dividends exceeded eleven millions, or at the average rate of $12\frac{1}{2}$ per cent. at the present market value of their stock.

A REVIEW OF FINANCE AND BUSINESS.

MILD WEATHER AND ITS EFFECTS ON TRADE.

The ancient and honored proverb that tells us one extreme is sure to follow another, in the mental and moral world, has proven equally true of the physical world in the changes of seasons, or rather of the weather, this winter compared with that of last. We are now more than two-thirds through the winter months, and yet have had no winter weather, with scarcely any frosts, and none now in the ground in this latitude, while farmers in the West and Northwest have been able to plow and sow crops the past month. So far, this year's temperature and climate have been as unprecedentedly mild as last year's were cold and inclement. The effect on business has been almost the reverse, some branches, like that of transportation, having been exceptionally favored, while others, like the coal trade, have suffered equally. That there is poetic justice in this, none will deny, after the winter of 1888, when the coal trade was favored beyond all comparison, at the expense of almost all other kinds of business, and the railroads were scarcely able to keep open and earn running expenses, by reason of constant blockades.

RAILROAD EXPENSES AND EARNINGS.

Now the railroads have had the minimum of expense of operation, although some have also had the minimum of traffic or unremunerative rates. But they have saved nearly, if not quite, enough on usual winter expenses, this year, to make up the excess over average cost of operation at this season, and offset last year's deficit in earnings on this account. Were it not for this fact, and its effect on the showing of earnings this year compared with a year ago, the railroads would be in worse shape financially than they are to-day, and the stock market would have suffered deeper depression than it has. Indeed, this mild winter has been a godsend to all the railroads of the country north of the Ohio River, except the coal roads, which have borne the largest losses in the coal trade, on account of the warm winter.

THE COAL AND IRON TRADES.

The coal roads and coal trade had an exceptionally good year in 1888, even with some falling off in demand from the iron industry in consequence of reduced railroad building, because this loss was made up by general demand, as shown by the fact that while iron manufacturers were not rushed and behind their orders, as in 1887, they generally kept running through the year. Hence

the demand for coal the past year may be considered the maximum, including manufacturing, transportation, and domestic consumption. Yet with all this, the coal companies went into the present year with large accumulations of stocks against very small ones a year ago, and domestic consumption probably nearly double that of this season. If, therefore, the output of coal last year left a large surplus on January 1, 1889, it is evident that the output must be reduced this year, and with it reduced tonnage for the coal roads, and lower tolls to compare with the lower prices for their product. The iron industry is the only source from which an increased demand can be looked for, as the other manufacturing interests of the country were generally fully employed all last year, and can do no more this, unless they run night and day, of which there appears no prospect now. Where the iron trade can find new fields of activity or extension of old ones does not yet appear, notwithstanding the presidential election and tariff uncertainty are out of the way this year.

THE METAL MARKETS AND COPPER SYNDICATE.

Indeed, there are signs of an unhealthy state of the markets for some raw materials used in iron manufactures, and its allied metal industries, which are often seen on the eve of trouble arising from over-production, which is only overcome by curtailing it till supply and demand are again equalized. This is especially true of the copper and tin markets, which have been under the control of cliques and syndicates until the trade is becoming alarmed at the condition of these staples, and fears are entertained that the English and French copper syndicate will be unable to control the market for copper through this year, and that we will soon see a collapse in its present clique values like that in tin last year, when the Corwiths were no longer able to take the increased production like that now coming from old copper mines reopened the past year, which had been abandoned. The collapse of the Panama Canal, which we have so long predicted, has served to weaken the financial support of the copper syndicate, both of which had their headquarters in Paris. If the latter survives this year, or the former is reorganized during 1889, either will be fortunate.

THE RAILROAD SITUATION.

The railroad situation, outside of the coal roads, also is still mixed, though the bankers, who furnish them the sinews of war, have been smoking the pipe of peace with the presidents of the Great Trunk Line, Granger, Southwestern and Pacific systems. These high contracting parties have agreed to keep the peace and maintain rates, and the agreement is ratified; but nobody has given

any bonds to keep that peace any longer than his word binds him; and that has formerly not been over-night. Since the year began, however, the new leaf then turned over has not blown back more than once or twice, and a paper weight was immediately put upon that leaf, and its special financial patron set to watch it that it should not blow back again. Hence the net earnings, taken with reduced expenses, due to the mild winter, have made a better showing than was expected on light traffic, which has fallen off sharply since the rush of December shipments on old cut rates was over. But the comparison is made with a year ago, when the roads were blockaded, and barely earning their increased expenses.

WESTERN ROADS AND THEIR MANagements.

The Granger roads proper, or those running west and northwest from Chicago, are probably now near the depths of their Slough of Despond. The St. Paul and Quincy systems have not earned their fixed charges the past year. The Northwestern, Rock Island, and even the old Illinois Central, are not believed to have earned even their reduced dividends, though in sound financial condition still, while the Alton is about the only one believed to be out of danger, with honest capitalization as well as management, and therefore smaller fixed charges and dividends to earn. But the Southwestern systems are just entering their worst period of depression, led by the Atchison, which has fallen nearly \$3,000,000 behind its fixed charges the past year, while paying out nearly as much more in unearned dividends from the proceeds of its sales of bonds. This is about the worst mismanagement, to call it by a mild term, that this country has ever seen, of railway corporations, since the Reading road borrowed millions for unearned dividends, preceding its bankruptcy. Taken together with the suicidal policy that has seriously crippled another great system, the Burlington & Quincy, during the past year, both of which have been controlled in Boston, it would appear that that financial center will have to abdicate its boasted claim to honest and able railroad management, superior to that of its wicked sister, New York, where harsh and general criticism has been caused by similar action on the part of the St. Paul Directory, controlled in Chicago and Milwaukee, as well as by the habitual policy of the management which controls the other great southwestern system, the Missouri Pacific, which showed superior sagacity, if not honesty, compared with the Atchison, in reducing dividends when earnings, from which alone they can ever be honestly paid, would no longer permit. Hence this latter mismanaged company has been the millstone about the neck of all other railroad property in the minds of investors—as reflected in the stock market, which has been

dragged down in face of the better prospects of a permanent restoration of rates than for years, and when the rest of the stock market seemed ready to respond to this effort at harmony in railway management. This explains the decline and weakness in stocks the past month, though at the close it looked as if the drop in Atchison, from about par to under 50 per cent., had nearly spent itself, and as if this practical wiping out of half its capital stock had about discounted the future of that property upon the present status of its affairs, so far as known—its official statement being somewhat incomplete.

THE TRUNK LINES IN BETTER CONDITION.

The Trunk Lines are in the most satisfactory position of any great system at present, and they are the nearest out of the woods in which they have been groping about since the paralleling craze struck them. This spent itself in the East, and ended with the West Shore punishment of the investors whose money built it, and the country is growing up to the new facilities. Their managers are tired of war, and generally desire peace, and have less speculative interest in the stock market than managers of some western roads, to induce them to break the new treaty they chiefly helped to bring about. From this on, therefore, these roads are likely to improve their financial condition, though slowly, with improving business, for they are less dependent upon any single crop or kind of traffic at special seasons of the year than western roads. All railroads lead to New York, as all military roads once did to Rome, and they get the East and West bound commerce of the continent, and of the China Pacific trade, which, like their local traffic, is fast growing to the increased Trunk Line facilities. Beside their traffic is diversified merchandise of all kinds, iron, coal, grain, cotton, provisions, flour, live stock, etc., while all other systems in the country are more or less dependent upon one or two of these industries.

THE BOND AND MONEY MARKETS.

These facts in regard to the different systems of roads will explain their different courses on the stock exchange, and the tendency of the market for railway securities, which has been growing less and less active for stocks and more active for first and second mortgage bonds, in which the bulk of the January disbursements have been reinvested, though a large balance is still idle in bank, awaiting something to buy which will make the principal safe if the interest is small. Hence the rapid increase in the surplus reserve of the banks, the low rates of interest, and the small offerings and purchases of Government bonds by the Treasury, the purchases of which, under the April 17th circular, amount to nearly

\$110,000,000, of which about \$51,500,000 were 4 per cents, and about \$58,500,000 $4\frac{1}{2}$ per cents, at a cost of nearly \$130,000,000, about \$67,000,000 of which for 4s, and nearly \$63,000,000 for $4\frac{1}{2}$ s.

Sterling exchange has ruled dull and featureless, and except for one or two small shipments, no gold has been exported, exchange keeping under the exporting point, as cotton, provisions, and corn were shipped freely in December and early January, on the old cut rates of freight on through stuff from the West and South. But since the middle of January these have fallen off, partly because of our declining produce markets, which have scared exporters off, and partly on account of scarcity of, and higher rates for, ocean freights. This, however, has been made up in part by renewed foreign buying of our bonds.

GENERAL TRADE SINCE THE NEW YEAR BEGAN.

As a rule, general trade since the new year has been disappointing, as the mild weather has checked demand for winter goods already sold to retailers, while it has prevented them from coming into the market again to stock up. This has made retail and jobbing trade smaller than expected, yet it has been better than a year ago. On the other hand, wholesale houses report that their traveling men, through whom 90 per cent. of this class of trade with the country is now said to be done, have placed large orders for spring trade, especially in the East, where the trade in fine goods has been especially free, in spite of the black eye New England investors have gotten in the Boston market on Quincy, Atchison, and other local stocks, which have been affected in like manner though good dividends on their copper stocks have been received from the syndicate in Europe.

The distribution of goods has been much better this than last winter, owing to the freedom from snow blockades and intense cold. While the iron industries are doing less for new railway construction than a year ago, the returns show that they are doing more for the equipment of old and new roads than they did last year. The *Railroad Gazette* shows that this was the source from which the deficit in railroad building was largely made up. We quote from its report at length, because of its bearing on the conditions of the industries reviewed above, and upon commercial and financial interests in general:

RAILWAY EQUIPMENT IN 1888.

It says: "In 1888 seventeen firms built 2,180 locomotives, and sixty-six railroad companies in the United States and Canada built 382. This is undoubtedly very near the whole year's output. The seventeen firms of locomotive builders include all of the large builders, and all whose product has been important. Replies were

received from 108 railroads, and the sixty-six which built locomotives include all of the larger companies, and nearly all which build any locomotives. The average annual output of the nineteen firms from 1880 to 1887 was 1,645 locomotives, and the least number built was 800, in 1885. Of the seventeen firms only one built over 700 locomotives. The next largest product of one firm was 301. There were three firms which built over 200 locomotives each, and seven building over 100. Besides the locomotives, there were seventeen rotary snow-plows built.

"The cars for freight service built in 1888 were, by thirty-seven firms 62,280, and by sixty-six railroads 19,910, or 82,190 in all. It is impossible to say what percentage of the output of the year these figures represent, but it must be a very large part of the whole. In 1887 the cars built to run in freight service were, by fifteen car works 23,775, and by twenty-nine railroads 6,426, or 30,201 in all. It is seen that the number of cars built increased in 1888 in greater ratio than the number of companies reporting, which in itself would indicate that the output has actually increased. On the other hand, those car builders who reported in both years almost without exception built somewhat more cars in 1887 than in 1888, the net result for the fifteen firms being a decrease of about 6 per cent. in the latter year. This is the closest approximation that our returns will enable us to make to the relative activity of the freight car business of the two years. Among the twenty-one car works reporting for 1888 who did not report for 1887 are ten which built over 1,000 cars each, five which built over 2,000 cars each, and three which built over 3,000 each. These ten large producers were enough to raise the average so as to account for the fact that while the number of cars built has increased more than the number of car works reporting, the individual works reporting in both years show an actual but slight diminution of activity. Of the thirty-six car works, one built over 5,000 cars for freight service, four built over 4,000 each, ten built over 3,000 each, twelve built over 2,000 each, and twenty over 1,000.

"The same car works and railroads report cars built to run in passenger service as follows: By thirty-six car works 1,954; by sixty-six railroads 517; total, 2,471. In 1887 fifteen car works built 561 cars for passenger service, and twenty-nine railroads built 169, or 730 in all. In every case where one car company has reported for both years the product of 1888 is considerably increased over 1887, and it is a fair presumption that the passenger car business was generally more active in 1888. There were four works that built over 300 passenger train cars each. On the whole, in spite of the great falling off in railroad construction, and notwithstand-

ing the decrease in net earnings, the year 1888 was one of the three years of greatest output of rolling stock, and the amount turned out was nearly if not quite equal to that produced in 1887 or in 1882."

THE PRODUCE MARKETS.

There has been a severe and general liquidation the past month in nearly all the speculative markets for produce. Wheat has crossed the dollar mark again on the down grade, and has struck 95c. or less both here and in Chicago, notwithstanding it is the last half of a short crop year, when the shortage is being both seen and felt, while the same parties were bulling it 25c. above the dollar at the beginning of the crop year. That the Bears are selling themselves into another hole as deep as they did last fall, before Hutchinson of Chicago put the market up so severely on them, is now generally believed by the most conservative, and another Bull deal and corner, as bad as last September, is more than possible before another crop. Corn has dragged down with wheat and on the free movement of the big crop. But exporters have taken it freely and kept stocks down. Oats have followed corn, but flour has not followed wheat, as it has been held up by the western millers, who are still firm believers in still higher prices before the next crop. The packers of Chicago, who have worked together this year, if not in a Trust, until they have succeeded in breaking the hog market over a cent, and provisions nearly \$2 on pork and lard and meats 1c. per lb., until many believe they have got prices too low, and that a reaction upward will follow; if not, some Bull deals, so soon as packers cover their shorts, now that they have "shaken out" the longs and got their stuff. Yet the Bears look for a large supply of hogs next summer, and are selling the summer months for a further decline, believing the big corn crop will begin to tell in supply of hogs by that time. The mild winter has helped the Bears by keeping hogs back until very fat and large before marketing them, as it paid farmers better than to ship their corn to market. Exporters have done some business on the break, but they are now scared off by its continuance. Cotton has gone the way of all other products of the farm, and the farmer who looked for a better year for his surplus crops is not feeling much encouraged by the course of these markets. The crop estimates have been raised to 7,250,000 and 7,500,000 bales from 7,000,000, the generally accepted figures early in the season. This has been caused by the larger receipts at the ports of late, and bigger interior movement, especially from the Southwestern Cotton Belt. The result has been a liquidation of the 7,000,000 crop bulls who calculated on a deficit in stocks at beginning of this year, compared with last, to put prices up with crop no larger than in 1887.

FINANCIAL FACTS AND OPINIONS.

Illinois Farm Mortgages.—The State Bureau of Labor Statistics of Illinois has been engaged during the last year in ascertaining the mortgage indebtedness of the State. From this report it seems that there are in the State 34,694,172 acres of land; of this total the whole number of acres under mortgage is 23.28 per cent., and the number of acres mortgaged for loans, as distinguished from deferred payments, is 20.40 per cent. The aggregate of existing mortgages on lands for the whole State are as follows: The whole number of mortgages is 92,787; the gross amount for which they were given, \$142,400,300, and the whole number of acres encumbered 8,078,582. But of this number 2,388 mortgages were executed in Cook county, for the total sum of \$18,667,202, and covering 116,228 acres. This leaves for the State at large outside of Cook county, a total mortgage indebtedness on lands of \$123,733,098, in 90,399 mortgages, and on 7,962,354 acres. Of these, however, 13,287 mortgages for \$20,633,072, and covering 1,001,726 acres, or 12.58 per cent. of the whole, are recorded as for deferred payments, and the remainder, 77,112 mortgages for \$103,100,026, and on 6,960,628 acres for loans. As to what proportion of these loans may have been made for the purchase of other lands, or for buildings, tilling, or other betterments, there is, of course, no record evidence. In the last number of the MAGAZINE some reference was made to the mortgage indebtedness in Kansas. As a considerable portion of that State has suffered during the last season from drought, one short crop was enough to sweep away the narrow margins of many of the farmers. Foreclosures are now the order of the day. Loan institutions, in order to save themselves and to prevent a general scare, have formed companies for the purpose of temporarily protecting their borrowers, and thus averting a general panic. The Illinois Bureau has done a first-rate piece of work in collecting these statistics, not only for the Illinois farmer, but for all who are perhaps meditating an indulgence of the same character. Surely the farmers have been reckless in plunging so deeply into debt, and their experience in Kansas, and the presentation of these huge figures in Illinois, we trust will put an effective check on this vicious practice.

State Debts.—From the messages of the Governors in many of the States, transmitted to their respective legislatures, it appears that the States are rapidly discharging their indebtedness everywhere. A considerable formal debt remains in some of them, but the sinking funds are large, so that the net indebtedness in every State,

without exception, has become a small thing. Unfortunately, similar progress has not been made in paying the indebtedness of the municipalities, especially the cities. We believe there has been a large contraction of the indebtedness of towns and townships, and of counties also, in the eastern and middle States particularly, but the cities seem to find it difficult to lessen their obligations. They have grown with such amazing rapidity that a great deal must be done to render them fit habitations and convenient places for the transaction of business. Furthermore, the expenditure has been enormously increased, not only by inefficient and corrupt management, but by the adoption of a short-sighted policy concerning their future growth. Many of them have grown with such rapidity that the original scheme of improvement, whether for water, sewerage or otherwise was soon found to be incomplete, and a new outlay has been necessary. The cities are now making improvements on a much broader scale with reference to their future development. A great deal more attention is paid to municipal expenditure than formerly, and while there are but feeble signs of diminution in the amount, yet the public are likely to get more for their money than they did a few years ago.

A New View of the Theory of Wages.—At the meeting of the American Economic Association, Mr. Stuart Wood, of Philadelphia, read a valuable and highly original paper on the equilibrium between the supply of and demand for labor; or, rather, reproduced his thoughts on the subject from the October number of the *Quarterly Journal of Economics*, in which they first appeared. By equilibrium in wages, or the price of labor, is meant when the demand therefor just equals the existing supply, "and this will occur," says Mr. Wood, "when it pays employers to hire the whole number of laborers who are seeking employment." The problem then is to find out the condition under which the whole number may be employed. Before stating what this condition is, a brief explanation is needful concerning the employment of capital. The owner may lay it out in buildings or machinery, in improving the soil, or keep it in the form of money, or put it to other uses; such capital Mr. Wood calls auxiliary. In all cases, the owner in using his capital is animated with the desire for gain. The use made of it, then, turns on the question of profit from the use to which it is devoted. The theory can be simply explained by an illustration. A machine, or an improved machine, is invented for carding wool. A. introduces the machine in his mill, and dispenses with the labor of ten men. B. discovers A.'s advantage over him in production. The ten men, too, are without employment. Shall B. buy machinery like A.'s? There is an alternative. If, with an

additional quantity of the old machinery, B.'s men, together with the ten whom A. discharged, are willing to work for the same sum as A. pays in the aggregate for those remaining, then B. is once more on the same plane of advantage with A. But one may say, "Why should B.'s men be willing to work at a reduced rate?" For the simple reason that, if they do not, he will be obliged to buy new machinery like A.'s, which would result in the discharge of ten of them. Rather than run the risk of a discharge, which, so far as that particular process is concerned, must be permanent, they would prefer to work for less. In other words, if men are willing to work for enough less to overcome the economy wrought by introducing better machinery, there need be no displacement of labor. Mr. Wood states the principle thus: "The price of a given amount of labor is equal to the price which is to be paid for the use of such amount of auxiliary capital as can replace it in those operations where the two things may be indifferently employed with equal pecuniary advantage." The writer then proceeds to apply the principle, and illustrates its operation in many ways.

National Bookkeeping.—In 1837, when a large amount of national surplus was distributed among the States, it was done under the form of a loan, which has been so carried on the books of the Treasury ever since. Indeed, the fact is not known by everyone that when General Dix became Secretary of the Treasury, during the last days of President Buchanan's administration, he wished to call on the States for its reimbursement. At that time, the Government credit was at a very low ebb; 18 per cent., we believe, was paid for money, and it was difficult to procure it even at that price. No wonder that General Dix should have thought of resorting to this expedient to restore a bankrupt treasury. A bill has recently been introduced into the House for the correction of the books of the Treasury, whereby the sum will no longer appear in the various reports that are made by the Government officers.

Production of the Precious Metals.—Mr. Valentine, whose estimate of the precious metal product of our country is generally regarded as of high authority, has issued the figures for 1888. The gold product is \$30,468,052, and the silver output is \$54,348,420. California is credited with a production of \$10,000,000 of gold; Montana, \$5,000,000; Colorado, \$3,000,000; Nevada, \$2,800,000; Idaho, \$2,600,000; Dakota, \$2,500,000; and smaller amounts in Oregon, Washington, Alaska, Utah, New Mexico, and Arizona; while the receipts from British Columbia and Mexico amount only to about \$480,000. Of silver, Colorado has the largest

product, \$17,700,000; Montana, \$11,500,000; Nevada, \$6,800,000; Idaho, \$3,700,000; Utah, \$3,400,000; and smaller amounts in California, New Mexico, Arizona, and Dakota; while nearly \$1,200,000 was received from Mexico. The aggregate production of gold and silver in the States and territories west of the Missouri River for the last eight years was as follows:

	<i>Gold.</i>	<i>Silver.</i>
1880.....	\$32,559,067	\$38,033,055
1881.....	30,633,959	42,987,613
1882.....	29,011,318	48,133,039
1883.....	27,816,640	42,975,101
1884.....	25,183,567	43,529,925
1885.....	26,393,756	44,516,599
1886.....	29,561,424	52,136,851
1887.....	32,500,067	50,833,884
1888.....	29,587,702	53,152,747

Mexico's production of gold and silver for a number of years is the following:

<i>Years.</i>	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
1878.....	\$747,000	\$24,837,000	\$25,584,000
1879.....	881,000	25,125,000	26,006,000
1880.....	942,000	26,800,000	27,742,000
1881.....	1,013,000	29,234,000	30,247,000
1882.....	937,000	29,329,000	30,266,000
1883.....	956,000	29,569,000	30,525,000
1884.....	1,055,000	31,695,000	32,750,000
1885.....	914,000	33,226,000	34,140,000
1886.....	1,026,000	34,112,000	35,138,000
1887.....	1,047,000	34,600,000	35,647,000
1888.....	1,031,000	34,912,000	35,943,000
Total.....	\$10,549,000	\$333,439,000	\$343,988,000

Mr. Valentine concludes, from his study of production in American nations and States, that the mining interests are steadily developing, and that the increasing facilities of railway communication, and the progress made in the various industries and mechanical and scientific appliances, afford the assurance of continued growth in the yield of precious metals.

The Value of Railroad Securities.—Mr. Henry C. Adams, the Secretary of the Interstate Commerce Commission, has added an appendix to their report, containing some valuable information relating to the finances of the railroads of the country. The first table gives a classification of the railroads and their mileage, and the second gives the amount of stocks, bonds and all kinds of floating indebtedness. The following summary represents 120,000 miles of railroad:

<i>Railway Capital.</i>	<i>Amount outstanding.</i>	<i>Per Cent. of total capital.</i>	<i>Per mile of road.</i>
Common Stock.....	\$2,918,687,049	41.84	\$24,322.39
Preferred Stock.....	471,985,862	6.70	3,933.22
Funded debt.....	3,384,930,213	48.52	28,207.75
Floating debt plus current liabilities.	200,668,032	2.88	1,672.23
Total.....	6,976,271,156	100.00	58,135.59

Mr. Adams has some interesting remarks concerning the proportions of capital existing in the form of stocks and bonds. Of the total amount 48.60 is assigned to stock and 48.52 to bonds, leaving less than 3 per cent. in the form of current liabilities. From these figures it will be seen how easy it is to obtain and keep control of railroad properties, for, as we all know, the stockholders are the managers so long as their companies remain in a solvent condition. Of late years the tendency has been in the direction of issuing a smaller amount of stock than formerly, thus obtaining a larger percentage of the cost from the sale of bonds. The smaller the amount of stock issued, the easier it is to get and keep control, and this is one of the reasons, doubtless, why so little stock is issued in the new enterprises. Mr. Adams has some remarks on this subject which are worth adding :

Railroads are almost universally built on borrowed capital, and the amount of stock that is issued, in the majority of cases, represents the difference between the actual cost of the undertaking and the confidence of the public—expressed by the amount of bonds it is willing to absorb—in the ultimate success of the venture. This thought is presented, perhaps too strongly, yet well presented, in the words of a well-known writer on technical questions pertaining to railway affairs. He says : "The same general law obtains, and always has obtained throughout the world, that such properties (as railways) are always built on borrowed money up to the limit of what is regarded as their positive and certain minimum value. The risk only—the dubious margin which is dependent upon sagacity, skill, and good management—is assumed and held by the company proper, who control and manage the property."* It may then be said that, as a rule, stock represents the speculative interest in railway management, while bonds represent actual proprietorship, and measure in a rough manner the estimate by the public of the minimum or certain value of the road. Whether or not it is a sign of healthful activity that bonds should tend to overbalance stock, or what the movement in the future is likely to be in this respect, are questions that for the present must be passed by ; but one point in this connection seems worthy a moment's notice. Stocks are properly termed the *entrepreneur* property—that is to say, the property of the manager. A control over a majority of the shares issued gives control over management ; or, translating these statements into the figures presented in the summary above, the ownership of \$1,695,336,556, or 24.30 per cent. of the total railway capital, may give complete direction over \$6,976,271,156 of railway capital, or 120,000 miles of operated line. This is a fact frequently presented by publicists, but it is one which never loses its significance as giving character to the American railway system.

Alaska Paid For.—The United States paid \$7,500,000 for the territory of Alaska, and at the time there was much unfavorable criticism regarding the expediency of the purchase. It was objected that the territory was not needed, and that it was a mere waste

* The Economic Theory of Railway Location, p. 31.

of money. But we are beginning to reap the fruits of this purchase. The money received by the Government for the seal fisheries is already \$7,000,000, while an indirect revenue has accrued of \$3,000,000 more. Thus, as a financial venture the purchase has proved a good one. If that country should prove to be filled with minerals, especially gold and silver, the wisdom of the purchase would become more apparent. There are many indications of the existence of gold there, and a thorough exploration of the region ought to be made. Besides, timber is abundant, and as we are rapidly consuming ours nearer home, the time is near when it will be necessary to draw supplies from the Alaskan forest for our own use.

Trust Combinations in England.—It is far easier to establish trusts in England than in this country, for the obvious reason that the field is smaller. Of late, a combination has been effected among the salt manufacturers, for the reason, as represented, that the competition was so excessive that profits had dwindled to zero. The combination seems to have been easily perfected, a large amount of water has been injected into the new enterprise, and we learn that the next stage of development will consist in uniting with the salt manufacturers in this country, and then the greater portion of the world's production will be entirely under control. This is a cheerful prospect for the consumers of salt everywhere. We well remember that the salt tax imposed by the French Government, during the monarchy, was the most odious of all the taxes imposed, and did not a little to create the disaffection which finally led to the overthrow of the government itself. These trust combinations in this country and in England will have a short day if the projectors and managers attempt to get more than their fair share from the public for their products. The world has become too enlightened to submit, either as individuals or as governments, to the state of things under which the French peasantry submitted two hundred years ago in hopelessness and despair. The recent decision of Judge Barrett, in New York, is a precursor of what is coming if the trust makers attempt to carry things with too high a hand. A few months ago, in discussing this subject, we remarked that there was a very good reason, based on excessively low profits, for a combination or remedy of some sort whereby producers could obtain a fair reward on their capital. To this they are entitled, and no rational man will begrudge it; and it will only be when, as in the case of the Sugar Trust, an attempt is made to extort too much from the consumer, that serious opposition will arise. If the English Salt Trust should succeed in combining with the producers here, and drive up prices excessively,

their life will be brief. We suspect the end is near of several of these combinations. In England the spirit of resistance to them is quite as strong as it is here. Doubtless a good deal of old law can be found which is quite favorable to these creations, but we imagine the courts will have no difficulty in bending the law to the times, as has always been the case. This is regarded as the glory of the common law, that it is flexible, and can be moulded to fit the times. If the earlier law concerning conspiracies, combinations and the like, is not applicable to the state of things now existing, both in England and in this country, we have no doubt that the courts will so administer the law as to furnish the kind of protection which the public welfare demands. Should, however, the courts fail or fear to apply the needed corrective, the legislatures will doubtless do the rest. The movement in New York, of appealing to the courts to administer a remedy, is a wiser thing than to appeal to the legislatures in the first instance. Legislation and the administration of the law in England on this subject will be watched with no less interest than it is here.

Co-operation Among Farmers.—The Iowa farmers are awakening to the necessity of establishing a system of co-operation in purchasing supplies among themselves. Such a system already exists to a limited extent in Western Iowa, but it is now proposed that alliances shall be formed all over the State for the purpose of buying groceries, agricultural implements, and the like, thus securing them at the lowest rate. The wonder is that the farmers have been so slow in this country, in view of English experience, in forming associations of this kind. We suppose the explanation is that, on the whole, people have been so prosperous that they have not felt the necessity of resorting to such expedients in order to get more for their money. With keen competition in wheat, and a reduction in its price, as well as in that of other farm products, the farmers feel the pressure for getting better returns for their money. Americans are very receptive, and we venture to predict that, if these associations are once started and prove feasible, they will spread like wildfire among the farmers all over the country. This experiment of the Iowa farmers will be watched with interest.

Workingmen's Institutions.—One of the bright features of money-making in this country is that the possessors are so often moved to dedicate a part of their wealth to improve the condition of others. Perhaps the nearness of people to each other is one reason why the general interest is so widely diffused. The first gift of this kind on a grand scale was Girard's benefaction. For a long life he labored unremittingly to amass a great fortune, which, in

the end, was dedicated to a highly useful purpose. Probably no fortune expended in an educational way has yielded richer results to mankind. The large-mindedness of its projector is becoming more and more recognized as our country develops. Thousands are living who rejoice both for themselves and for others that such an institution was ever founded. Recently, I. V. Williamson, of Philadelphia, has imitated Girard's example. Possibly even more can be expected from this gift, for the reason that the managers can draw wisdom from Girard's experiment in founding this institution. In Brooklyn, too, Charles Pratt has founded an institution somewhat similar, for which he has given several hundred thousand dollars. This aims especially for active work in the evening, and for all ages, and is, therefore, very general in its scope. The first year of its working has just closed, and the results are satisfactory in the highest degree.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

THE DUTIES AND LIABILITIES OF A CASHIER.

[CONTINUED.]

"The cashier of a bank," says President King, "while carrying into execution, under the orders of the directors, a lawful contract, is in no sense of the word a sub-agent of the board of directors. He is a statute officer, not of the directory, but of the corporation, lawfully empowered to carry the contracts of the corporation into execution." (*Bank v. Schuylkill Bank*, 1 Parson's Cases 180, p. 240.) Likewise Judge Reed has said that "the cashier is the general executive officer to manage its concerns in all things not peculiarly committed to the directors by the charter, and he is the agent of the corporation, and not of the directors." (*Bissell v. First National Bank*, 65 Pa. 415, p. 419.)

"A cashier has a general authority to superintend the collection of notes under protest, and to make such arrangements as may facilitate that object, by compromise or otherwise; in short, to do anything in relation thereto that an attorney might lawfully do." (*Rogers, J., Bank v. Reed*, 1 Watts and Serg. 101, p. 106.) But his authority would not justify him in altering the nature of the debt, or to change the relation of a bank from a creditor to an agent of its debtor. (*Id.*)

A cashier must transact his official business at the bank.

* Copyrighted.

(*Bullard v. Randall*, 1 Gray 605*.) But he can indorse a note away from it. Thus a cashier was asked, when away from his bank, to discount a draft payable at his bank. As he could not do so, the cashier of another bank discounted the draft and the cashier of the first indorsed it, thereby binding his bank. (*Bissell v. First Nat. Bank*, 69 Pa. 415.) It should be remarked, however, that this principle has been applied only to a private bank, and perhaps the cashier of an incorporated bank does not possess so much authority. "In the case of a private bank there is no president and no board of directors, and the business may be, and usually is, transacted before and after, as well as during the usual banking hours." (*Id.* p. 419.)

A cashier has inherent authority to transfer negotiable securities to pay the debts of his bank. (*Carey v. Giles*, 10 Ga. 9, following *Fleckner v. United States*, 8 Wheat. 338; 12 Serg. and R. 265; 6 Porter, Ala. 166.) Nor can a transfer be attacked on the ground that it was done after the resignation of the board of directors, and the assuming of the presidency of the bank by a person who was neither an officer nor director. (*Carey v. Giles*, 10 Ga. 9.)

The mere voluntary act of a cashier, in receiving securities for safe keeping, would not render his bank liable for their loss; but if the directors knew what he had done, and acquiesced in keeping them, their bank would be liable. (*First Nat. Bank v. Graham*, 79 Pa. 106.)

If the acts of a cashier or other officer are within the general usage, practice and course of business of banking institutions, but beyond the scope of his authority, they will render his bank liable to third persons transacting business with it, and who did not know at the time that the officer was acting beyond his authority. (*Lloyd v. West Branch Bank*, 15 Pa. 172.) In applying this rule, therefore, if banks should not have authority to receive special deposits, for example, and no custom, usage or practice prevailed of taking them, and the cashier should nevertheless take one, he would not bind his bank for the safe keeping of it. (*Id.*)

If a cashier should respond to the inquiry of persons about to endorse a note whether this would be a safe thing to do, no answer that he might make would affect the bank. Such an answer would not be made in the course of his duties, and, though wilfully false, would bind only himself. (*Mapes v. Second Nat. Bank*, 80 Pa. 163.)

The acts of a cashier can become binding by ratifying them. And the directors can acquiesce without having a notice thereof communicated to them when sitting in their official capacity as a board. (*Kelsey v. National Bank*, 69 Pa. 426.) If, in truth, they

* But see *Merchants' Bank v. State Bank*, 10 Wall, 604.

have notice of his acts and do not dissent, "their assent and ratification will be presumed." (*Id.* p. 430.) Thus, the cashier of a bank which had been robbed, with the advice of a minority of the directors who happened to be present, offered a reward for the detection of the thief. A detective caught the thief and obtained the stolen money, but the bank was unwilling to pay the reward. The detective sued, and the bank sought to escape payment on the ground that the cashier had no authority to make the offer. The directors knew that it had been made, and did nothing. Said the court: "If they were personally cognizant of the offer made by the cashier, it was their duty to call a meeting of the board and disavow the act, if they were unwilling that the bank should be bound by it. It would be unjust to permit the plaintiff to spend his time and money for the detection of the thief, on the faith of the promised reward, and then to repudiate the offer as unauthorized, when he had succeeded in apprehending the thief and restoring to the bank the stolen securities found on his person." (*Kelsey v. National Bank*, 69 Pa. 426, p. 430.)

The following case of a cashier's negligence, which could not be imputed to his bank, is worth giving. In *Harrisburg Bank v. Foster* (8 Watts, 12) the institution sued Foster, the cashier, on his notes, to which he interposed the statute of limitations. But the defense failed. It was his duty, standing in the relation he did to the bank, to prove that his failure to pay was distinctly presented to the directors as a board. He could not leave to conjecture or inference that some of the directors knew of his failure to meet his obligations. Said Rogers, J.: "It was his duty, on the non-payment of these notes at maturity, to make a full, accurate and true statement of the case to the board of directors. And this was necessary that they might take some order as to the measures to be taken; whether they would permit them to lie over, or would order their immediate payment. Unless this was done, the omission to do his duty amounts to such a concealment of the state of the case as in contemplation of law would deprive him of the protection of the statute."

With respect to the liability of a bank for the wrongs of its cashier, President King has said: "Although a bank corporation is compelled, by the incorporeal nature of its essence, to act by others, yet, when these are part of its organic machinery, like its cashier, it is as much responsible for their omissions and commissions as is a natural person who employs assistants in the execution of any commission." (*Bank v. Schuylkill Bank*, 1 Parson's Sel. Cases, 180, p. 240.)

Not only is a bank liable for the wrongs of its cashier which are done within the scope of his authority, but also for the wrongs

committed by him in execution of an illegal business undertaken by the bank. Thus, says Judge Woodward: "If a bank should engage in building a railroad, for instance, it would violate the law of its existence, but the acts of the cashier, in pursuit of the unauthorized purpose, would bind the bank. As between the bank and those who contracted with it, the new enterprise would become a part of its usual and appropriate business, in the conduct of which it would be liable for the acts of its agents. But if its agents departed from that new enterprise, and attempted to involve the bank in other unlawful pursuits, without the express sanction of the directors or stockholders, there would be no legal ground of liability." (*Hagerstown Bank v. London Savings Fund Society*, 3 Grant, 135, p. 136.)

In Alabama the cashier is not liable for the negligence of his subordinates in performing their duties, if these have been fixed with the knowledge and assent of the directors. Thus, in one case it was proved that it was the cashier's duty for a long period to receive the bills and notes left with the bank for collection, and to register them, note the time of their maturity, and hand them to a notary to be protested if not paid. This duty, by the action of the directors, was imposed on another. After that the cashier could not be held for negligence in these matters. (*State Bank v. Comegys*, 12 Ala. 772.)

[TO BE CONTINUED.]

THE COST OF PRODUCING GOLD AND SILVER.

The last report of Dr. Kimball, Director of the Mint, on the production of gold and silver in the United States, contains an able discussion of the question, "Does the market price of silver depend upon the cost of the production of this metal; or, indeed, is the cost of production an element of the market price?" This question is difficult to answer, because the facts are lacking on which to found an intelligent judgment. Professor Austen, of the Royal Mint of Great Britain, in his testimony before the British Silver Commission, maintained the proposition that, even at the present largely reduced commercial value of silver, its value as a metal, measured by the cost of production, was far below the market price. This deduction is challenged by Dr. Kimball, and, we think, successfully. The difficulties surrounding the question may be seen from the following statement by the director:

Comparatively easy as it might be to deduce the cost of production

of either of the precious metals from mines completely equipped with reduction works capable of producing advanced products like argentiferous lead or doré bars, a very different case is presented by the large production of the precious metals from mines whose products are complex ores or unfinished furnace products sold, at metallurgical rather than at commercial value, to mills and smelting works for reduction at the cost of a considerable proportion of their gross value for transportation. The metallurgical value of such ores or furnace products thus transported for reduction must be sufficient to cover the further costs of their reduction and freightage, and of refining and transportation of the finished products to market, and also a manufacturing profit to the purchaser, free of commission, regardless of the sum of all previous costs like mining, local transportation, or mechanical preparation. Any deficiency in value of the raw material falls upon the producer or upon the miner alone.

Ores, speiss, and matte are thus transported from the mining districts of the cordilleras of the United States and Mexico not only to the several great reduction works of the Mississippi and Missouri valleys, but to the seaboard and to Europe. Hence the cost of production of the precious metals is shared with the miner, by transportation companies, the smelter, the refiner, and the commission merchant.

The values of both gold and silver are less affected by the cost of producing them, than the values of almost any other important commodities, for the reason that the speculative element enters so largely into their production. This remark especially applies to the winning of gold from the earth. The miner is inspired with the hope of the gambler. This remark is especially true when gold is obtained by placer mining, or by investing only a small capital. The hope that he may find a rich nugget keeps him to his task. There is a witchery in the uncertainty of his pursuit, the prospect of great gains, which leads him to continue until the end. It is probably true that the cost of producing gold is very high. In other words, the return to the miners for their expenditure of labor is small. All sorts of guesses have been made, from fifty cents to a dollar a day. But the general conclusion, that the average return for the entire expenditure is very low, is believed. And yet, as some have reaped enormous gains in a few days or months, others are allured by the same hope, and thus the work of production continues, and without much sign of diminution. It is true that in quartz mining, in which a large amount of capital is needed, different conditions exist. Capital is conservative, and, therefore, before embarking in these enterprises, the conditions of success are more carefully studied; yet even when concerns are thus formed and their capital invested, risks are undertaken which have no parallel in any other kind of business. Hence the difficulty in answering the question above noted. Dr. Kimball has endeavored during the year to answer this question by obtaining statistics from a large number of mining concerns. As he

remarks, not much light can be gained except with those whose business is completed, for the reason that it cannot be told until a mine has been worked out, unless the gains have been very great in proportion to the expenditure, whether anything has been made or not. A million dollars, for example, may be invested in a mine and the dividends may be twenty or thirty or forty per cent. a year; but if they suddenly come to an end before the entire investment has been repaid, with interest, of course, there has been no net gain for the expenditure. So the figures with respect to many of the existing enterprises, except those which have already returned the original capital invested, are not worth much, for no one can predict when the end of them will take place. Dr. Kimball, therefore concludes that Professor Austen's conclusions are not correct, and then follows his general statement by a careful analysis of some of the returns of the mines whose accounts were analyzed by Professor Austen, and shows that the cost of production was larger by fifty per cent. than Professor Austen affirmed. On the whole, Dr. Kimball has quite demolished Professor Austen's figures, and at the same time has shown the great difficulty of getting an intelligent answer to the question.

THE AMERICAN DEBT.

THE FINANCES OF THE UNITED STATES FROM 1861 TO 1887.

By E. MASSERAS.*

III.

THE GOVERNMENT REVENUE.—TARIFF AND. INTERNAL TAXES.

Amid the multiplied efforts, combinations, and expedients for procuring money by reiterated appeals to credit, one is struck by the slowness of the United States in seeking the means to increase their regular revenue. It seems as if their first thoughts should have been directed to this point; but everything gave way before the suddenness of circumstances which created for the Treasury instantaneous necessities out of all proportion to the ordinary financial estimates. Besides, the tariff, the sole reliance of the Government finances at this period, appeared to admit of only limited augmentations, with remote productive effects. The mistake persisted in with regard to the duration of the crisis contributed to throw into the background an order of measures, from which only insufficient and tardy results were expected. As for opening

* Translated from the French, by O. A. Bierstadt.

new prospects of income by creating internal taxes, the idea was slow in coming and still slower in getting accepted; it was only reached by understanding the danger for the future there would be in giving the country the habit of living upon its credit and of counting merely on the loan in its hours of embarrassment. Thus nearly two years were lost before an efficient revenue was organized.

Increased first in March, 1861, then a second time in August of the same year, the duties on imports were not thoroughly revised until July, 1862. This time, the desire of increasing the revenue did not alone inspire the work; the prohibitory tendencies, profiting by the occasion, took a large part in it. The ground won by commercial liberty during the fifteen years of the reign of the Democratic party, from 1845 to 1860, was lost again at a single stroke. A tax was laid upon the two pre-eminently popular commodities—tea and coffee—which it seemed must never be touched; of 20 cents on the first, of 5 cents on the second per pound; tobacco was taxed \$27; wines at 50 per cent. of their value. On textile fabrics and manufactured goods in general a mixed and doubly burdensome combination of specific and *ad valorem* duties was inaugurated. Under the title of a "revenue tariff," which its authors gave it, not to offend public opinion, the new system of duties really consecrated the victory of protection.

This victory became complete from 1864 to 1868. Not only were duties raised still further and carried to the limits of prohibition,* but a general regulation provided that, in custom-house appraisements, the invoice price of merchandise should be enhanced by all the expenses pertaining to its transportation, packing, commissions, freight, and insurance. This was an extra charge of 15 per cent. added to the net cost. The situation brought upon commerce became so intolerable, that complaints were heard even from the protectionist seats of Congress. Mr. Morrill, who led the campaign, and whose name has remained attached to his work, acknowledged that the new system had its unreasonable sides; but he alleged the necessities of the time. The argument was unanswerable, and the result justified him, at least from a financial point of view. From \$50,000,000 in 1862, the revenue from duties rose to \$69,000,000 in 1863, then to \$102,000,000 in 1864; soon it exceeded \$200,000,000, in the neighborhood of which figure it has hardly ceased to be kept, and is still kept now, despite the partial reductions of taxation effected since the war.

* The average of duties had been 23 per cent. from 1846 to 1855; in 1856 it had fallen to 19 per cent. It is found at 43 per cent. in 1866, and at 48 per cent. in 1868. It is even now at 45 per cent.

The period of feeling the way was no less long for the establishment of internal taxes.

Parallely with the first increase of the tariff, Congress indeed voted a tax of 3 per cent. upon incomes, but it abandoned it before its collection had been commenced. It had also voted a tax of \$20,000,000, to be apportioned among the States, and to be collected by each one of them, for the account of the Treasury, in accordance with the old system that excluded the direct interference of the Federal administration. The amount, insignificant enough considering the gulf of expenditures, was reduced to nothing by two causes; on one hand, it was impossible to collect the tax in the South; on the other hand, each State retained the greater part of its receipts, in reimbursement of the expense it had been at in rallying the militia and sending them to the seat of war. The necessity of proceeding otherwise was recognized, if efficient results were desired. The Government resolved to ask the creation of taxes sufficient to furnish an annual income of \$50,000,000 and collected by its own officials. This was enlarging singularly the powers and the part assigned to the central Government by the constitutional pact. Already, the initiative granted to the Secretary of the Treasury in the management of credit, and the absolute authority which circumstances had led the President to assume in military matters, went far beyond the narrow limits of this pact. But the installation, over the whole territory of the Union, of a host of employes, appointed by the departments at Washington and responsible to them alone, was quite another thing. Two years earlier only, such an idea would have raised an outcry about encroachment and have provoked a hurricane of protestations from the partisans of State-rights. Congress, nevertheless, accepted this new necessity of the crisis, as it had accepted paper money. The Committee of Ways and Means of the House made, however, one very just observation: from the moment so hard a necessity was yielded to, important advantages at least should be drawn from it; not \$50,000,000, but \$125,000,000 ought to be sought in the proposed tax. The point of view was adopted without difficulty, and it was agreed that the scale of internal taxes should be calculated so as to procure an annual revenue of \$250,000,000 united with the product of the duties. It was decided at the same time, that multiple and fractional taxes should be established, in order to distribute their weight upon all classes of the nation, instead of drawing large contributions, as some wished, from the most notable industries or fortunes. This decision, which associated political economy with fiscal questions, is to be remembered, coming from the land of democracy.

The discussion of details occupied three whole months. This is not to be wondered at, when one sees, by the list finally drawn up, what a quantity of products, professions, industries had to be successively touched upon, what a multitude of local or private interests it conflicted with, what obstinacy each class of tax-payers must have displayed in disputing the ground step by step. Passed by the House, April 8, 1862, to go to the Senate, the bill was kept there two months more, and came back loaded with 315 amendments. A committee of conference succeeded at last in drawing up the new fiscal catalogue, which was adopted only on the 1st of July, 1862. This was just the date fixed at first for beginning its application; it had to be postponed for two months, and there was a much longer delay before its collection was organized.

Some years later, Mr. Wells, Commissioner of the Revenue, recapitulated in these terms the system inaugurated by this law: "With the exception of land and the direct products of agriculture—other than cotton and sugar—taxation had been made, so far as domestic production was concerned, all but universal. In the case of manufactured products, furthermore, the system had been made to embrace not only the finished and marketable product, but very generally also every constituent which entered into the composition of such product." The legislators, indeed, had made it their task to leave nothing exempt: the long enumeration of special taxes was completed by some general categories; on incomes 3 per cent. from \$600 to \$5,000 and 5 per cent. above that; 3 per cent. on dividends; 3 per cent. on the salaries of employes, and on advertisements in newspapers; commercial licenses varying from \$10 to \$200; taxes on carriages, yachts, billiard-tables, and silver-ware; a proportional stamp on commercial papers and legal documents; different stamps on medicines, perfumery, and cards. This was not all. Three revisions of the law, effected in 1863, 1864, and 1865, found means to augment this first list of taxes. Some articles were carried up to unreasonable rates. For a time petroleum paid \$1 a barrel, and alcohol \$2 a gallon, that is, 40 cents a bottle.

To pass without transition from the absolute immunity from taxes, in which the people had thus far lived, to such a system, was more than hard. Consequently there arose a concert of recriminations and complaints, which one would expect to be followed by a formal refusal to pay. But the desires of opposition did not go beyond words. The feeling that, sooner or later, must come submission, was joined by the thought of a patriotic duty to be performed and of the Union to be saved, a thought that prevailed with a large part of the population of the North during

all this period, and often went as far as self-denial. People paid grumbling, and, frequently too, cheating all they could; but they paid. The Treasury came off all right but for some frauds and slowness in the first returns.

The result of the "excise law," as it was called, did not answer at first to what was expected of it: from September, 1863, to July, 1864, its product did not go over \$37,000,000; but the following year it rose to \$109,000,000, exceeded \$200,000,000 in 1865-66, and attained \$300,000,000 in 1866-67. These unexpected receipts, increased by those from the Customs, far surpassing the estimates, explain the relative wealth which the Treasury found again during the latter period of the war, and the growing facility of its credit operations; they explain too the liquidation of the crushing liabilities, from which it was believed the Union was condemned never to be free. Their influence would have been felt much more by the Government finances, if care had been taken to open their sources in the early months of the crisis, and if the basis of a large regular revenue had been at once given to the more or less disguised loans which, during two years, were launched almost at random.

In truth, even with the unexpected product of the tariff and the taxes, the income was far from balancing the expenditure. It was in vain that the revenue exceeded \$200,000,000 in 1863-64, and \$300,000,000 in 1864-65; the expenditures of these two fiscal years were respectively \$800,000,000 and \$1,300,000,000. The deficit remained enormous; never could there have been any thought of filling it if the war had continued, although an improved collection of the taxes should give more every year, and although the maintenance of the armies no longer demanded the immense sums which had been required by their hasty formation and the improvisation of all the service pertaining to them. It is therefore correct to say that, in spite of the resources which they had called into being, the United States would not have ceased to increase their debt with the prolongation of the war. Their situation was none the less entirely changed by their new budget: instead of the slender resources of 1861, the augmentation of which seemed destined to meet with insurmountable difficulties, they now possessed a large revenue, which was still further to be increased; they had especially a broad fiscal basis to be presented as a guarantee of their engagements and as security for their creditors. Obligated to continue their loans, they would have derived from this new state of things a power of credit that was previously lacking to them. With the re-establishment of peace, they were to find in it the elements of a liquidation without precedent.

[TO BE CONTINUED.]

USURY.

SUPREME COURT OF NEBRASKA.

Schuyler National Bank v. Bollong.

When an action is brought to recover a penalty under sections 5,197 and 5,198 of the Revised Statutes of the United States, upon the ground of taking, receiving, reserving, or charging a rate of interest greater than is allowed by law, it is necessary to allege in the petition that the act was "knowingly done."

An action to recover a penalty under section 5,198 may be brought in any court in the city or county in which such bank is located, having jurisdiction in similar cases.

MAXWELL, J.—This action was brought on the 19th day of March, 1887, by the defendant in error against the plaintiff in error, in the district court of Colfax county, to recover, under sections 5,197, and 5,198 of the Revised Statutes of the United States, double the amount of interest paid on certain usurious contracts. On the trial of the cause the court found that the defendant in error had paid to the plaintiff in error "the sum of \$912.42, and that the same was usurious, as in said petition alleged." The court thereupon rendered judgment in favor of the defendant in error, and against the plaintiff in error, for the sum of \$1,824.84; "being double the amount so as aforesaid charged, taken, and received."

Section 5,198 of the Revised Statutes of the United States provides "that the taking, receiving, or reserving or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representative, may recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same; provided such action is commenced within two years from the time the usurious transaction occurred." There is no statement in the petition that the bank knowingly contracted for and received a greater rate of interest than is allowed by law, nor are there other words which are equivalent thereto. The right to recover is made to depend upon this condition, and this court has no right to waive the making of such allegation. The petition, therefore, fails to state a cause of action in that regard.

The plaintiff in error contends that the State courts have no jurisdiction, that being conferred exclusively on the federal tribunals. In *Bank v. Overman*, 22 Neb. 116, 34 N. W. Rep. 107, we held that the State courts do have jurisdiction. That decision was rendered after a careful examination of the decisions of several courts, both State and national, and we believe it to be correct. It will therefore be adhered to. As there must be a new trial, it is unnecessary to consider the other assignments of error. The judgment of the district court is reversed, and the cause remanded for further proceedings. The other judges concur.

USURY.

SUPREME COURT OF NEBRASKA.

Schuyler National Bank v. Bollong.

The courts of record of the several States have jurisdiction in actions brought under sections 5,197, 5,198, of the Revised Statutes of the United States, to recover from national banks the penalty for knowingly taking, receiving, reserving, or charging a rate of interest greater than is allowed by law.

Where the usurious interest is discounted from the face of the note, the bank can only recover the face of the note less the interest deducted. If the borrower pays the usurious interest in advance, he may recover double the interest so paid.

Memoranda to refresh the memory of a witness must have been made up recently after the fact in regard to which he testifies. *Memoranda* prepared by the attorneys of the witness several months after the occurrence of the facts testified to, such *memoranda* being prepared from other evidence in possession of the witness, is not admissible to refresh his memory.

MAXWELL, J.—On the 16th day of August, 1887, the defendant in error brought an action against the plaintiff in error, in the district court of Colfax County, to recover the penalty, under sections 5,197 and 5,198 of the Revised Statutes of the United States, for receiving, etc., usurious interest. On the trial of the cause in the court below, judgment was rendered in favor of the defendant in error for the sum of \$402.80.

The first objection of the plaintiff in error is that the State courts have no jurisdiction of the subject-matter of the action. This question was before the court in *Bank v. Overman*, 22 Neb. 116, 34 N. W. Rep. 107, and the jurisdiction was sustained. It is said (22 Neb. 116, 117, 34 N. W. Rep. 107): "Section 5,198 of the Revised Statutes of the United States provides 'that suits, actions, and proceedings against any association under this title may be had in any circuit, district, or territorial court of the United States, held within the district in which such association may be established, and in any State, county, or municipal court in the county or city in which said association is located, having jurisdiction in similar cases.'" This section removes the impediment to the exercise of jurisdiction created by the act of 1789 (Rev. St. U. S. § 711), and expressly confers jurisdiction on the State courts, as above specified, concurrent with the Federal courts, in "suits, actions and proceedings against any association under the banking act." The statutes of the United States extend over every State, as a part of its laws; and, although exclusive jurisdiction may be given to the Federal courts, yet, if it is not so given, either expressly or by necessary implication, the State courts having competent jurisdiction in other respects, may be resorted to. (*Hade v. McVay*, 31 Ohio St. 236; *Kinser v. Bank*, 13 N. W. Rep. 59; *Ordway v. Bank*, 47 Md. 217; *Claflin v. Houseman*, 93 U. S. 130; *Gruber v. Bank*, 19 Alb. Law J. 137; *Pickett v. Bank*, 32 Ark. 346; *Dow v. Bank*, 50 Vt. 112; *Blets v. Bank*, 87 Pa. St. 87.) The statute confers authority on the State courts, and clothes them with jurisdiction to try cases of this character. The first objection, therefore, is overruled.

2. The second error assigned is that the court permitted the defendant in error to recover twice the full amount of interest paid by him to the defendant. The amount of recovery depends upon the provisions of 5,198, which declare "that, in case the greater rate of interest has

been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action, in the nature of an action of debt, twice the amount of the interest thus paid from the association taking or receiving the same." Under the banking law of February 25, 1863, usury forfeited the entire loan or debt. This, however, was deemed too severe, hence the act of 1864 was passed, which is sections 5,197, 5,198, of the Revised Statutes of the United States. These sections limit the rate to that "allowed by the law of the State, territory, or district where the bank is located, and no more," except, etc. The penalty under the act of 1864, for charging illegal interest, is "the forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon;" and, where the greater rate of interest has been paid, twice the amount thereof may be recovered back by the person paying the same, or his legal representatives. (*Hill v. Bank*, 15 Fed. Rep. 433; *Crocker v. Bank*, 4 Dill. 358; *Bank v. Garlinghouse*, 22 Ohio St. 492; *Bank v. Overholt*, 96 Pa. St. 329; *Gray v. Bennett*, 3 Metc. 522; *Wiley v. Starbuck*, 44 Ind. 298; *Bank v. Karmany*, 98 Pa. St. 65; *Bank v. Trimble*, 40 Ohio St. 629; *Bank v. Dearing*, 91 U. S. 29.) In this case, the testimony clearly shows that the defendant in error had paid to the plaintiff in error more than \$200 on the usurious contracts set out in the petition. The court, therefore, did not err in rendering a judgment for twice the amount so paid.

3. It is claimed that the court permitted the defendant in error to testify from a paper called "*Memoranda*," prepared for him by his attorneys. The courts are not in entire harmony as to the character of the *memoranda* from which a witness may refresh his memory. The better rule, however, seems to be that the notes and *memoranda* should have been made up by the witness at the moment or recently after the fact. If they were made up at the distance of months thereafter, ordinarily they will not be sufficient. In other words, where a party relies upon *memoranda* to refresh his memory, it must appear that at the time he prepares the *memoranda* he knew it to be correct; and that from such knowledge, with his memory so refreshed, he is enabled to testify from recollection as to the original facts. Anything referred to by a witness to refresh his memory must be shown to the adverse party, if so desired, and he may cross-examine the witness thereon, but it is not required to put the paper in evidence. (*Peck v. Lake*, 3 Lans. 136; *Tibbetts v. Sternberg*, 66 Barb. 201.) *Memoranda* prepared by the attorneys for the defendant in error is not shown to have been of such a character as would have justified the defendant in error to have refreshed his memory from the same. The witness, however, testified almost entirely from his own memory of the events stated, and no prejudicial error seems to have occurred from the partial use of the *memoranda*. There is no error in the record, and the judgment is affirmed. The other judges concur.

USURY.

COURT OF APPEALS OF KENTUCKY.

Alves et al. v. Henderson National Bank.

Under Act of Congress, June 3, 1864, § 30, providing that national banks, knowingly receiving or charging a greater rate of interest than allowed by the State where the bank is located, shall forfeit the entire interest which the note carries with it, or which has been agreed to be paid thereon, not only is a sum reserved by the bank out of the money loaned, greater than the legal interest for the time the note has to run, forfeited, but also the interest accruing by law upon non-payment after maturity; it being interest which the note carries with it, within the meaning of the act.

An agreement to pay illegal interest in a mortgage given to secure the notes after maturity is sufficient, under the act, to forfeit both legal and illegal interest, though no interest is expressed in the notes themselves.

BENNETT, J.—To the appellee's (Henderson National Bank's) action against Reutlinger and others, on six promissory notes, each due and payable four months from its date, and each executed by said Reutlinger and others to the appellee, the appellant W. S. Alves, as trustee of said Reutlinger, etc., filed his answer, in which it was alleged, in substance, that said notes were executed for borrowed money; that, at the respective times said money was borrowed, the appellee, by an agreement with Reutlinger and the others, put so much of it to their credit, and retained the balance as interest for the next four months—the time that each note was to run; that the sum so retained out of each loan amounted to more than the legal interest thereon for the four months that each note was to run. The reply of the appellee denied that it retained as much as the alleged sums as interest; but it did not deny that the respective sums were retained out of each loan. The bank, doubtless drawing a distinction between discount and interest, called these sums discount, and therefore denied that said sums were retained as interest; but the fact nevertheless existed that the sums were retained as compensation for the use of the money that it loaned to Reutlinger, etc., and which, under the law, constituted interest. A simple calculation will show that each sum so retained amounted to a greater rate of interest than 6 per cent. on the sum from which it was retained. The answer also alleges that, after the maturity of said notes, Reutlinger, etc., agreed to pay to the bank 8 per cent. interest on each note from its maturity until paid. After the maturity of the notes, Reutlinger, etc., executed to the bank a mortgage on some real estate to secure the payment of them. In said mortgage it was expressly agreed that 8 per cent. interest was to be paid on each note (the note itself being silent as to interest) from its maturity until paid, and the mortgage secures the payment of said sum. The lower court abated the face of each note by the sum that the appellee retained thereon as interest, upon the ground the sum so retained amounted to more than the legal rate of interest, and by reason thereof said sum was forfeited; but the court gave judgment for the interest on each note at the rate of 6 per cent. per annum from the maturity of the note until judgment was rendered thereon. From the latter part of the judgment Alves has appealed to this court; from the former part of the judgment the bank has taken a cross-appeal.

The conclusion is irresistible that the sum retained by the appellee out of each note amounted to more than 6 per cent. interest, which is the legal rate of interest in this State, both in reference to individuals and State banks, for the period from the date of the note until its maturity. It is clear that the excess over 6 per cent. was usurious, and that the appellee knew it. Section 30 of the National Currency Act of Congress of the 3d of June, 1864, after prescribing that the national banks created under said act [shall not charge a greater rate of interest than that allowed by the laws of the State or territory where the bank is located, declares: "And the knowingly taking, receiving, reserving, or charging a rate of interest greater than aforesaid shall be held and adjudged to be a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon; and, in case a greater rate of interest has been paid, the person or persons paying the same, or their legal representatives, may recover back, in any action of debt, twice the amount of interest thus paid from the association taking or receiving the same; provided, such action is commenced within two years from the time the usurious transaction occurred." It is held in the cases of *Tiffany v. Bank*, 18 Wall. 409; *Bank v. Dearing*, 91 U. S. 29; *Barnet v. Bank*, 98 U. S. 555; *Driesbach v. Bank*, 104 U. S. 52—that under the Act of Congress, *supra*, if a national bank knowingly takes, receives, reserves, or charges a greater rate of interest than that allowed by the laws of the State or territory in which the bank is located, such conduct shall be held and adjudged a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon, etc. The perspicuity and directness of the clauses of said section leave no room to doubt as to their meaning. The courts that have passed upon them have had but little else to do, in order to evolve their meaning, than to recall and repeat their language. Having determined that the sum retained as interest on each note, for the period of four months, amounted to more than 6 per cent. for that period, and by the laws of this State the contract was usurious, it follows that the interest for said period, at least, was forfeited, and that the judgment of the lower court deducting the sum so retained from each note must be affirmed on the cross-appeal. But the appellee, the bank, contends that, as each note was silent as to interest from and after its maturity, the 6 per cent. interest that the same bore after maturity was by virtue of the law, and not by contract. Therefore the usurious interest that said notes bore from their respective dates until maturity did not, under said act, forfeit the interest arising on the notes after maturity, by virtue of the law, and not by contract. The appellant Alves contends for the reverse of this proposition. A scrutiny of the clauses of the section, *supra*, will show that the appellant's contention is correct. To knowingly take, receive, reserve, or charge a rate of interest greater than that allowed by the State law, shall be held and adjudged to be a forfeiture of the entire interest which the note, bill, or other evidence of debt "carries with it, or which has been agreed to be paid thereon." The expression "carries with it" means any interest that the note, bill, or other evidence of debt may carry by operation of law; for the next succeeding clause, to-wit, "or which has been agreed to be paid thereon," leaves no doubt as to the meaning of said expression. In many States of the Union, as was the case in this State at one time, there was at the time of the passage of said Act of Congress a fixed rate of interest to be charged in the absence of contract, and by contract a greater rate of interest might be charged. It seems clear, therefore, the expression

"carries with it" refers to such interest as the note, etc., may carry, without reference to any agreement, and that the succeeding clause refers to such conventional legal rate of interest as the parties may have agreed on; both of which shall be forfeited if any usurious interest has been taken, received, reserved or charged. Also the language clearly means that if usury has been agreed to be paid for any part of the time that the note is entitled to run, or that it may by indulgence run, such agreement forfeits the entire interest that the note or bill carries with it; or if the note or bill bears a conventional rate of interest, such as some States allow, and in addition thereto usury has been charged for any part of the time, such conventional rate of interest is thereby forfeited. The framers of the Act of Congress under consideration doubtless understood that much of the business of the banks created by the act would consist in lending money secured by notes, etc., made due and payable not exceeding four months from date, and, if need be, renewed from time to time; that the usurious contracts would relate to the time such notes were to run, and, in case of their renewal, so also would the usurious contracts be renewed. Hence the act provides, in substance, that, in case usury is taken, received, reserved, or charged, the entire interest that the note carries, or that may exist by agreement, shall be forfeited. The foregoing views accord with the case of *Bank v. Stauffer*, 1 Fed. Rep. 187-189. In that case the bank had received usurious interest for the time that the note was maturing. The question was, did that fact forfeit the interest accruing on the note after its maturity? Judge McKennan, delivering the opinion of the court, held, in substance, that, according to the clause, *supra*, declaring the taking of usury a forfeiture of the entire interest that the note carries with it, the taking of usurious interest during the maturity of the note forfeited the interest accruing thereon after its maturity, as well as that accruing before its maturity.

But if we are mistaken in reference to the forfeiture of the interest that accrued upon these notes by virtue of the law, after their maturity, nevertheless the question is put at rest by the fact that it is expressly stipulated in the mortgage given to the appellee by Reutlinger, etc., to secure these notes, that 8 per cent. interest was to be paid thereon from the maturity of each note until paid. The bank accepted this agreement, which, under the laws of this State, leaving out of view the Act of Congress, *supra*, was valid, and upon a sufficient consideration, except 2 per cent. thereof, which was usurious and invalid. But under the said Act of Congress it is not necessary, in order to effect a forfeiture of the entire interest, that the agreement to pay usury should appear in the note, or that the agreement should be made simultaneously with the agreement to lend the money. Were the law so construed, the effect would be to enable the bank to evade the law every day by reducing the usurious contract to writing on a separate piece of paper, or by making it after the contract to loan the money was entered into. So the agreement set forth in the mortgage to pay usurious interest being, as contended by counsel, collateral, and having been made after the maturity of the notes, does not affect the question; for the agreement to pay a legal rate of interest was as binding as the agreement to additionally secure the debt itself, and the fact that the agreement was collateral did not change the agreed interest into principal. It was accruing every day as interest on the principal, and was in fact and in law interest, although expressed in the mortgage, and not in the notes; and, as the agreement included usurious interest, it comes within the Act of Congress which forfeits the entire interest. The

judgment of the lower court is affirmed on the cross-appeal of the bank; and the judgment on the appeal of Alves, trustee, is reversed, and the case is remanded, with directions to disallow the interest on each note from its maturity until the judgment was rendered thereon.

ATTACHMENT OF NATIONAL BANKS.

SUPREME COURT OF MINNESOTA.

First National Bank v. La Due.

The federal statutes (section 5,242, Rev. St. U. S.) prohibit the issuance of writs of attachment by the State courts before final judgment against national banking associations or their property.

An attachment and seizure of property made by virtue of a writ so issued and served, is illegal and void, and no jurisdiction over the person or property of such an association is obtained thereby.

Conceding that upon a proper showing, plaintiff, a national banking association organized and doing business in the State of Minnesota, is entitled to an injunction *pendente lite*, restraining defendant, also a resident of this State, from prosecuting an action against this plaintiff in one of the courts of the State of New York, the order appealed from refusing a temporary injunction was properly made, because plaintiff's complaint herein expressly shows that the New York court has not and cannot obtain jurisdiction of plaintiff, either by personal service of a summons, or by attachment of its property.

COLLINS, J.—By this proceeding the plaintiff attempts to restrain the defendant from prosecuting an action in the State of New York, in which a writ of attachment has been issued, and plaintiff's money there seized and attached in the hands of its correspondent. The appeal is from an order refusing an interlocutory injunction restraining defendant during the pendency of this action from proceeding in the other. The plaintiff is an association duly organized under the national bank act, and doing business in the State of Minnesota; while the defendant is a resident of this State also. By the complaint herein it seems that in the action which has been commenced in New York this defendant is plaintiff, and this plaintiff association the defendant. The differences which exist between the parties, as disclosed by the pleadings herein, need not be stated for the merits of this plaintiff's application; its right to an injunction *pendente lite* cannot be determined as the case now stands. From the complaint it appears that no personal service of the summons in the New York action has been made upon this plaintiff, and further that personal service of said summons cannot be made upon plaintiff, as it is not within the jurisdiction of the New York court in which the action is attempted. By the terms of the amendment of March 3, 1873 (section 5,242, Rev. St. U. S.), to section 57 of the national banking act of June 3, 1864, an attachment cannot issue against a national bank before judgment. The amending act reads thus: "That section fifty-seven . . . be amended by adding thereto the following: and provided further, that no attachment, injunction or execution shall be issued against such association or its property before final judgment in any suit, action, or proceeding in any State, county, or municipal court." The attachment, therefore, in New York, by which this plaintiff's money has been seized, was illegal and void, because the writ was issued without authority, and contrary to the federal statutes above quoted. It is the paramount law of the land that attachments shall not issue from State courts against national banks before final judgment, and there is

injected into all State attachment laws an exception in favor of these associations. (*Bank v. Mixer*, 124 U. S. 721, 8 Sup. Ct. Rep. 718.) Inasmuch as the complaint herein expressly states that personal service of the summons in the New York case has not and cannot be made upon the defendant, and it clearly appears that the issuance of the writ of attachment, and all proceedings thereunder, as set forth, are wholly illegal and void because of the inhibition found in the federal statute, it is obvious that the court in which the action has been initiated has failed to acquire any jurisdiction whatsoever over the person or property of this plaintiff. Except by consent it is powerless to proceed in the attempted action; it cannot aid this defendant in his efforts to secure a trial in the State of New York; nor can it compel this plaintiff to appear and submit the merits of its defense. It is true that in issuing its process, by means of which plaintiff's funds have been improperly attached, great injury and inconvenience may have resulted, but the compensation for this, which may be afforded by law, is not contemplated, nor could it be covered by the relief now asked. It must be sought elsewhere. As the defendant herein is unable to proceed in his New York case (because of his apparent inability to obtain jurisdiction), the issuance of a temporary injunction, as demanded, would be an useless ceremony. It would simply command defendant to desist from doing that which the complaint discloses he cannot do. It would be an effort to avert a threatened injury not imminent, the plaintiff concedes, unless it should voluntarily place itself within the jurisdiction of the courts of another State. It may be true that upon a proper showing a temporary injunction should issue, restraining defendant from prosecuting the action alleged to have been attempted in New York; but for the reasons before stated, if for no other, the court below was justified in its refusal. Order affirmed.

PAYMENT BY CHECK.

SUPREME COURT OF MINNESOTA.

Good et al. v. Singleton.

Payment by check is not absolute, but conditional, unless expressly so agreed, and where a check is returned by the creditor, and used by the debtor, the debt remains.*

VANDERBURGH, J.—Plaintiffs were entitled to judgment for the amount of their claim. The evidence fails to establish the defendant's plea of payment. He claims to have paid the amount due by certified check. But the check, it appears, was returned to him, received, indorsed by him, and collected of the bank. This is the fair inference to be derived from the evidence, in which there is no conflict. He, and not plaintiffs, then, has had the benefit of the check. If he relied upon the circumstance of the delivery of the check as payment, he should have retained and produced it on the trial for the use of the plaintiffs. But the giving of a check for the amount of the debt by the debtor to his creditor is not absolute payment, unless it is so agreed; and where it is returned and used by the debtor the debt remains. Judgment reversed and case remanded, with directions to render judgment for the plaintiffs.

* The acceptance of a check for a precedent indebtedness operates only as a conditional payment, unless the check is afterward actually paid to the acceptor. See *Bank v. Hornum* (Ill.), 10 N. E. Rep. 552, and note; *Woodburn v. Woodburn* (Ill.), 5 N. E. Rep. 82, and note.

PAYMENT OF FORGED CHECK.

SUPREME COURT OF GEORGIA.

Atlanta National Bank v. Burke.

A person forged another's name to a note and mortgage, and procured a loan thereon, which was paid by check in favor of the supposed borrower. The payee's indorsement was forged to the check, the person procuring the loan adding his own indorsement. *Held*, that the bank on which the check was drawn was not protected by payment, though the last indorsement was genuine.

That the bank made up the account between it and the drawer of the check, and returned him the book containing the account, and showing payment of the check, which book was retained by him for three years before complaint was made regarding the payment, is not such laches on the part of the drawer as relieves the bank from liability; there being nothing in the account to put the drawer on inquiry as to the forged indorsement.

As the fund against which the check was drawn was a general deposit, the drawer is not entitled to interest during the time it was retained by the bank.

BLANDFORD, J.—1. It is contended by counsel for the bank that, inasmuch as Knapp had palmed off on Burke a forged note and forged deed purporting to be signed by his wife, Mrs. Euphemia Knapp, Burke is precluded from complaining of the payment by the bank of the check drawn by Burke in favor of Mrs. Knapp, upon the forged indorsement of her name by Knapp; and it is further contended that, inasmuch as Knapp's indorsement was genuine, and he was the last indorser, the bank was not bound to look to the genuineness of any preceding indorsement. The cases of *Smith v. Bank*, 6 La. Ann. 610, and *Levy v. Bank*, 24 La. Ann. 220, are cited by counsel for the bank. As to the first of these (*Smith v. Bank*), it appears to us that the case was not well decided by the majority of the court; and the dissenting opinion of Slidell, J., appears to us to embody the correct law of the case. Yet that case has some features in it different from the case at bar, and may be distinguished from the latter. In the other case cited, the proposition is announced that, where the last indorsement is genuine, the bank is not bound to look to any prior indorsement. This proposition we cannot concur in. We do not think it is sustained by the decision of any other court in this country. No other case has been shown us in support of it; and yet that case is distinguishable from the present case in this: In that case the check was made payable to a fictitious person, by the depositor, and the person to whom the check was delivered was supposed by the drawer of the check to be the payee, and he obtained the money on the check at the bank; whereas, in the present case, the check was made payable to Mrs. Knapp, and Knapp forged her name as indorser, making the check payable to himself, and afterwards adding his own indorsement. There is nothing in the present case to take it out of the ordinary rule. Where one deposits money in a bank on general deposit, the bank immediately becomes the debtor of the depositor for the money deposited, and undertakes, impliedly, to pay that money either to the depositor or to some person to whom he directs it paid; and, in order to discharge itself from this liability to the depositor, the bank must pay the money to the depositor, or as directed by him. The liability cannot be discharged in any other way. In the present case Burke, the depositor, drew a check in favor of Mrs. Knapp

for a certain amount of money, and the bank did not pay the money to her or to her order, but paid the money to Knapp, upon a forged indorsement. How does the bank discharge its indebtedness to Burke? It has not paid the money to Burke, or to the person to whom he directed it to be paid, or to her order; and it is only in these ways that the bank can be discharged of its liability.

2. Again, it is insisted on the part of the bank that, inasmuch as the bank had made up the account of Burke with the bank, and returned to him the book containing that account, showing the payment of this amount of money to Knapp, which book was retained by Burke for three years before any complaint was made by him, the bank was not put upon due notice of any forged indorsement, and that this was such laches on the part of Burke as relieved the bank of liability to him. We think, however, that the fact that the bank reported to Burke in this account that the check was paid to Mrs. Knapp, the payee, relieved Burke from any diligence whatever. He was then under no obligation to look to see whether the check was paid upon a forged indorsement or not. He had a right to accept this statement of the bank as true, and to rest upon it. The bank in its statement deceived him, and there was nothing in the account to put him on notice that there was a forged indorsement. On this point the counsel for the bank cites the case of *Bank v. Morgan*, 117 U. S. 96, 6 Sup. Ct. Rep. 657. That, however, is a different case from this. In that case the check drawn by the depositor had been raised in amount, the check as originally drawn had been changed by forgery; hence, when the check was returned to the drawer, it was in his power to ascertain, by looking at the check, that it was a forgery. It was not the case of a forged indorsement, where he had a right to rely upon the statement of the bank that the money was paid as he had directed it paid. In the case cited, the depositor might have discovered the forgery upon looking at the check, and he ought to have looked into it within a reasonable time, and, if it was a forgery, ought to have notified the bank, so that the bank could have taken steps to protect itself. Hence the refusal of the court below to give the instructions prayed for by the bank on this subject was not error. There were other points made in the case, which, in the view we take of it, it is unnecessary to consider here.

3. We affirm the judgment of the court below in requiring the plaintiff to write off the interest. The bank was entitled to hold the money without interest; it was a general deposit; and the bank not having paid out the money, according to the theory upon which this case is decided, the money is supposed to have still remained in the vaults of the bank, and there is no reason why the depositor should have interest on it. Indeed, I have some doubt whether in this case any exception could be taken at all to the writing off of the interest, as the plaintiff wrote it off. He was not bound to write it off, but, having written it off, it is right that it should so remain. We affirm the judgment of the court below, both upon the original bill of exceptions and the cross-bill.

PROTEST AND NOTICE.

SUPREME COURT OF MICHIGAN.

Sweet et al. v. Powers et al.

Where it appears that a notary, in protesting a note which has been discounted by a bank, makes inquiries only of the receiving teller as to the indorser's residence, there is not a sufficient show of diligence to excuse further search, and to charge the indorser upon notice being mailed to his last known place of residence.*

Where the second indorser of a note writes his name before instead of after that of a prior indorser, he cannot recover of the latter the amount paid in taking up the note after its dishonor.

CAMPBELL, J.—Plaintiffs, who were partners under the name of M. L. Sweet & Co., sued defendants on a promissory note, which ran as follows: “\$600.00. GRAND RAPIDS, MICH., Dec. 31, 1885. Thirty days after date I promise to pay to the order of George Powers six hundred dollars, at the Fourth National Bank, value received; interest at ten per cent. after maturity. R. H. WOODIN.” Indorsed as follows. “Pay Old National Bank, Grand Rapids, Mich., or order. M. L. SWEET. G. W. POWERS.” The maker, Mr. Woodin, made no defense. Mr. Powers defended on the ground that he received no notice of dishonor. This plea was sworn to, and no notice was shown to have been sent to him at Sparta, where he lived, and there was no personal service. The notary, who protested it, did send a notice by mail directed to Powers, at Grand Rapids. The protest, which contains an entry of notice, does not state any inability to find defendant's residence, but states it to have been at Grand Rapids as the reputed residence. The question below was whether the notary had shown such due diligence as would hold the indorser who did not actually receive the notice. The court below held that no such diligence was shown.

The rule requiring an indorser to be promptly notified of the dishonor of a note is one not of form, but of substance. It is a legal condition of the contract that he shall be notified or discharged, unless where reasonable diligence fails to find him. This rule requires that the notary or other person giving the notice shall use such means as are reasonably calculated to find out the indorser's residence. To some extent this rule is not a fixed and rigid one. But it requires active diligence in hunting up the matter. In the present case the notary, on the maturity of the note, received it from the teller of the Old National Bank, and presented it at the Fourth National Bank, where payment was refused. The only personal inquiry he made concerning the residence of defendant was of the receiving teller of the Old National Bank, who gave it to him to protest. That gentleman did not know the address. The witness said, in a general way, that no one in the bank knew it; but it does not appear that he asked any one else, and it does not appear that the cashier or members of the discount board were ignorant of it. It appears affirmatively that the cashier of the Fourth National Bank knew all about it, and from defendant's long service as deputy-sheriff it is probable many others did. There is no legal presumption that a receiving teller knows anything about the parties on discounted papers, although he may do so. The cashier, or board of

*As to what is sufficient notice of non-payment of a promissory note to bind an indorser, see *Cassidy v. Krenner* (Pa.) 13 Atl. Rep. 744, and note; *Glaser v. Rounds* (R. I.) 14 Atl. Rep. 863, and note; *Salisbury v. Bartleson* (Minn.) ante, 265, and note.

discount, usually know on whose credit a note is discounted, and the address of the parties through whom they claim. Where their usage required two names besides that of the principal debtor, it would be rather loose banking not to know something about it. Furthermore, where a note is payable at a particular bank, that establishment is quite likely to have such information. It is quite common, where notes are payable at bank, to leave them there for presentment and for protest, if needed. It was a plain and obvious duty of the notary to apply to the officers of his own bank for information, and if they could not give it to inquire where it was payable, as well as, in default of both, to seek further. His search, while not required to be unreasonably long where he has no clue, should be real, and not formal. In the present case there was no search at all, and no reason for failing to make one. There is another difficulty in the case, which ought to be noticed. It seems to have been assumed that, because this note was signed by Woodin and Powers, for Woodin's accommodation before Sweet signed it, therefore Sweet was the last indorser, and in that capacity entitled to look to Powers. The note appears to have been taken up by plaintiffs after its dishonor, with no transaction of purchase from the bank, and as a matter of course. The formality of striking out the special indorsement, or of having the name of the Old National Bank indorsed, is by the admission of the parties not material. But the testimony shows clearly that it was not meant as a purchase. No one had any right to take it up but Powers or Sweet. Sweet, by putting his name above that of Powers, chose to make himself a joint maker with Woodin, and disqualify himself from recourse to Powers as liable to him in the order of time. The case is in principle similar to that of *Greusel v. Hubbard*, 51 Mich. 95, 16 N. W. Rep. 248, where it was held that parties must sue and be sued on negotiable paper in the order in which they have seen fit to sign it. If Mr. Sweet had this note taken up, as seems to have been done, to remove his own liability, he might sue Woodin; but he could not sue Powers. The declaration did not set forth anything which would have authorized a suit on any other basis, as, being under the statute against the indorser as well as the maker, it must set forth a paper title accordingly, and this was not done, unless both plaintiffs represent Mr. Sweet. We are not called on to say whether a firm can buy paper on which one of its members is a joint maker, and sue the other maker and an indorser under the statute in a suit at law. We think the verdict was rightly ordered for the defendant Powers. The judgment must be affirmed. The other justices concurred.

LEGAL MISCELLANY.

BANKS—AUTHORITY OF CASHIER.—A bank cashier has no authority to transfer notes of the bank in payment of a deposit, and the depositor receiving the same is liable for the amount realized thereon. [*Schneitman v. Noble*, S. C. Iowa.]

BANKS—CASHIER'S CHECKS—PRIVATE ACCOUNT.—A broker who receives checks drawn officially by a bank cashier on another bank for money due him from such cashier must be prepared to show, as against the claim of the first bank, that its cashier had authority to draw such checks on his individual account. [*Anderson v. Kessain*, U. S. C. C. N. Y.]

BANKS AND BANKING—ESTOPPEL.—Circumstances stated under which a bank which has succeeded another bank, taken all its assets and assumed all its liabilities, is estopped from denying its responsibility to a depositor of the old bank, whose deposit is regularly entered upon its books and transferred to those of its successor. [*Starr v. Stiles*, S. C. Ariz.]

BANKS—INSOLVENCY DRAFT—PROCEEDS.—A draft sent to a bank for collection being paid, a note that the proceeds were the property of the sender was placed with the bank's cost; the bank closed the next day: *Held*, that the sender of the draft could recover. [*First National Bank v. Armstrong*, U. S. C. C. Ohio.]

BILLS AND NOTES—PARTIES—PAROL EVIDENCE.—Where a note is signed by the name of a corporation, and below is signed by the president and secretary thereof with their titles, parol evidence is not admissible to show that it is the note of the corporation alone. [*Heffner v. Brownell*, S. C. Iowa.]

TRUSTS—AGENCY.—An agent cannot acquire his principal's property by using his own funds to make what is in effect a redemption of the subject-matter of his agency. [*Mallagh v. Mallagh*, S. C. Cal.]

USURY — BONA FIDE HOLDER — NOTICE.—Where a transaction is usurious the holder of the note is affected by it, unless he can show that he received the note in due course of trade before maturity and without notice of the usury, or that he had obtained it from one who had so received it. [*Knox v. Williams*, S. C. Neb.]

BILLS AND NOTES—FACTOR—ACTIONS.—Where a planter executes his notes and discounts them with his factor, who places the proceeds to his credit, the factor may sue on them *via ordinaria*. [*Gibert v. Seiss*, S. C. La.]

BANKS AND BANKING—NATIONAL BANK—DEPOSITIONS—EVIDENCE—DECLARATIONS—REVIEW.—A national bank can recover from a debtor a loan exceeding one-tenth of its paid-up capital, although an Act of Congress prohibits such banks from making such loans to a single person of so large an amount. Rulings on the subject of depositions, the time of filing them, the admissibility in evidence of the admissions and declarations of the defendant, and on review. [*Corcoran v. Batchelder*, S. J. C. Mass.]

BILLS AND NOTES — PRESENTMENT FOR PAYMENT — EXCUSE.—A, residing in Wisconsin, made his note in Minnesota to B, residing there, no place of payment being fixed. B indorsed the note to C, who resided in Minnesota, and knew that A resided in Wisconsin. Before the note fell due A removed to the city where C resided, but C was not aware of it: *Held*, that this excused the demand of payment so as to charge the indorser. [*Salisbury v. Barileson*, S. C. Minn.]

BONDS—FORGED SIGNATURES—SURETIES.—When the name of one or more obligors in a bond has been forged, the supposed co-obligor, though a surety only, and though he signed in the belief that the forged name was genuine, is nevertheless bound, if the obligee accepted the instrument without notice of a forgery. [*Lombard v. Mayberry*, S. C. Neb.]

BANKRUPTCY—FRAUDULENT CONVEYANCES.—An assignee in bankruptcy may bring suit to set aside an assignment made by the bankrupt, which, though not declared void by the provisions of the bankrupt law, has been made with intent to hinder and delay creditors. [*Means v. Dowd*, U. S. S. C.]

BILLS AND NOTES—CONSIDERATION—USURY.—A note given for a sum agreed to be paid for procuring a loan, and not shown to be unreasonable in amount or a cover for usury, is presumptively valid. [*Thomas v. Miller*, S. C. Minn.]

BILLS AND NOTES—CONTRACT—PAROL EVIDENCE.—The true relation of parties to a negotiable instrument may, as between themselves, be proven by parol, whenever it is necessary to a correct determination of the right or liability of either of them thereon, and this may be done to enable a party to seek an instrument to maintain an action thereon in the United States court. [*Goldsmith v. Holmes*, U. S. C. C. Oreg.]

BILLS AND NOTES—INDORSERS—LIABILITY.—Where the second indorser of a note writes his name before instead of after that of a prior indorser, he cannot recover of the latter the amount paid in taking up the note after its dishonor. [*Sweet v. Powers*, S. C. Mich.]

BROKERS—REAL ESTATE—COMMISSION.—The plaintiff under the evidence failed to procure a purchaser for the defendant's property and was not entitled to a commission. [*Sloman v. Bodwell*, S. C. Neb.]

CONDITION OF THE BANKS OF NEW YORK.

The annual report of Willis S. Paine, Superintendent of the Banking Department of the State, was to-day submitted to the Legislature. The chief points of the report are given below. The enormous increase in the number and total resources of the banks is declared to be the clearest evidence possible in favor of the State system. During the year twenty-five banks, with an aggregate capital of \$1,985,000, were organized. The total increase in banking capital during the year amounts to \$2,235,000, of which \$1,985,000 represents the capital of new associations.

The remarkable statement is made that there has not been a single failure or suspension among the State banks during the year. Three new trust companies have been organized in 1888, and are now engaged in active business, with a capital amounting to \$1,500,000. The total amount of securities held in trust by the Superintendent, at the close of the last year, was \$1,903,018.98, an increase during the year of \$349,985.

The Superintendent renews his recommendations relative to the custom in some banks of loaning money on pledge of their own stock, and suggests that a law should be enacted compelling the deposit of all moneys of the State in the banking institutions created by the State. The excuse that the national banks are better managed is no longer in any respect available, he says, while it is a noteworthy fact that there has not been a single failure among the State banks during the last four years.

The law enacted last year for the organization of trust companies seems to have met with general approval, he says. Four companies, two in New York and two in Brooklyn, have been created, all of which are prosperous. It is questionable whether it is not advisable, the Superintendent adds, so to amend the law that no trust company shall hereafter be organized in cities having over 500,000 inhabitants with a capital of less than \$1,000,000.

On the subject of building and loan associations, the Superintendent urges the necessity of placing an absolute safeguard around the fund of subscribing members by means of legislative action. The building

association system, he says, was originally not intended for the accumulation of wealth by means of enormous profits or the realization of extraordinary dividends, its chief object being the mutual advantage of its members through the medium of small advances in the nature of loans for building purposes only. When an association, however, with a few thousand dollars at its disposal, becomes actuated by a desire for enormous profit, and offers loans to the highest bidder for the purpose of obtaining enormous premiums, it abandons its original purpose. Statements have been made in connection with several of these institutions during the past year, to the effect that a bonus as high as 45 per cent. has been charged to a borrowing member. Such a condition of things, the report declares, cannot be regarded without serious apprehensions of ultimate disaster. The probable over-valuation of mortgaged premises is another matter of serious importance. Mr. Paine urges upon the Legislature the necessity of limiting the boundary of every association at least to the precincts of the county in which its office is located. For a proper supervision of these associations two plans are suggested: State supervision and county or local supervision.

The effects of the taxation of Canadian currency are discussed at length, the remarks being based on an order issued by the Commissioner of Internal Revenue, last January, directing the Collector at Buffalo to make a thorough investigation of the probable amount of Canadian circulating notes paid out by the banks within his jurisdiction. The Collector was also referred to a letter from the Commissioner, directed to the President of the Bank of Suspension Bridge, in which it was held that the notes of Canadian Banks are subject to the provisions of section 3,412 of the United States Revised Statutes. The Superintendent, after consideration of the laws, expresses his conviction that the original framers of the law never intended that it should be so construed as to be made applicable to the case in question, because such a construction would be detrimental to the interests of the people of the frontier. There are, he says, on the Canadian frontier, eighteen banks of deposit and discount operating under the laws of this State, with an aggregate capital of \$3,125,000, and deposits exceeding \$18,000,000. These institutions frequently become the depositories of small amounts of Canadian currency, but instead of passing said currency into the usual business channels, it is allowed to accumulate in the banks and returned to the place of issue in large sums, unless called for by parties who may have occasion to use it in Canada. It cannot be claimed, he adds, that the free admission of foreign currency would prove detrimental to our own issues, because the fluctuating value of all foreign moneys renders their circulation an impossibility, except to a very circumscribed extent. The free exchange of currency, he declares, is a matter of vital importance to the inhabitants along the border, and adds that the ruling of the Treasury Department, if put into execution, would not only be unjust to the banking interest in that section, but would also be injurious to all the people along the Canadian border.

CALIFORNIA SAVINGS BANKS.

The last report of the Bank Commissioners of California contains the following remarks concerning savings banks in that State :

" In the San Francisco savings banks, the paid up capital has been increased as follows since our last report. In the California Savings and Loan Society, from \$73,400 to \$100,000; in the Savings Union, from \$400,000 to \$604,750; in the German Savings and Loan Society, from \$300,000 to \$600,000; in the French Savings Bank, from \$189,085 to \$191,480; and a new bank, the People's Home, starts with \$100,000 paid up. The Savings and Loan Society has decided to increase from \$500,000 to \$1,000,000. The total amount of capital employed in this class of banks in San Francisco is \$2,326,230, with surplus funds amounting to \$966,272, representing eight of the nine banks. The Hibernia Savings and Loan Society has a surplus fund amounting to \$1,670,969, held as a reserve, but no capital stock. This bank and the Mendocino Bank are the only banks in the State organized upon what is known as the 'mutual' plan.

" In January, 1882, the San Francisco savings banks held real estate, acquired in settlement of loans, to the amount of \$4,798,858. In this report the amount held July 1, 1888, is valued at \$1,002,778. The reduction denotes the prosperity of the State, and is gratifying to all parties interested in the banks.

" Savings banks, in their origin, were eleemosynary institutions, and they still have something of this character in the extreme Eastern States. To some extent, they are such in the minds of the people of this coast. They have lost their original character in all the progressive States, and it may be said there are no banks in this State now working on the purely mutual principle. All have either a capital stock or a reserve fund, in which only a part of the depositors would be interested in case of liquidation. That is to say, those depositors who have withdrawn, yet whose funds have contributed towards earning the reserve, forfeit all claim to it.

" We understand that the proportion, or alleged disproportion, between dividends to depositors and dividends on capital stock, occasions remark. But, as a matter of fact, the savings banks of California are business enterprises of private individuals with incidental benefit to the public, in nowise differing in this regard from commercial banks. It is not the duty of the State to determine how the profits of business shall be divided; that must be left to the force of competition, and the discretion of the managers who appeal to the public for support.

" The State, however, has a duty to perform, which is (through its Bank Commissioners, or otherwise) to see that the affairs of the savings banks are administered, and the profits of business divided, in accordance with the contract between bank and depositor. Such contract may exist by virtue of by-laws, conditions of agreement, or even by the terms of advertisements by which patronage is solicited. As the funds of the stockholder are put up for the purpose of guaranteeing the safety of those of the depositor, it is but natural that he should demand a larger rate of dividend to compensate his risk. It is urged that if this privilege be denied them, the conservative, prudent, representative, business men of the community will no longer be connected with savings banks."

PRIVATE BANK EXAMINATIONS.

In the last report of the California Bank Commissioners the following remarks appear on this subject :

"We call the attention of stockholders, especially in new banks, to the necessity of providing in the by-laws for the establishment of a regular committee to examine the affairs of the corporation, scrutinize the management, and, to a certain extent at least, supervise the business. This committee is usually appointed by the board of directors from its own number. The work it should perform is the more imperatively called for in those banks where it is not the custom to have weekly or semi-weekly meetings of the board. Such committees are important in banks where the board does not pass upon the discounts before they are granted, which method of doing business prevails in this State, contrary to the custom almost universally followed in Eastern cities.

"It is a remarkable fact that, in some of the banks having such committees, the duty is rarely attempted, or, if attempted, discharged in a careless and incompetent manner, and not altogether from unconcern, indifference, or over-confidence—sometimes fear of or deference to the officers, or some such feeling, is sufficient to prevent the parties interested in a bank from inquiring too closely into its affairs, and becoming acquainted with the men who are conducting it.

"Again a sense of inexperience in accounts, or the books peculiar to banks, disqualify directors, in their own minds, from serving satisfactorily either to themselves, or, as they fear, to the rest of the stockholders.

"It is a mistake to suppose that the officers of any properly conducted banking business will receive in any other manner than cordially the inquiry of any of their associates who may be duly authorized to investigate, and who are competent to judge of the affairs that interest them in common, and for the successful prosecution of which all, to a greater or lesser degree, are responsible. It is more reasonable to assume that men who do good work are eager to have the facts known, that they may be the more appreciated. All faithful employes, whatever their positions, are protected by the approval of the directory, an indorsement they should be permitted to receive, an advantage of which they should have the benefit, and it is more likely to be just when based upon the actual knowledge gained in long periods of time and investigations of minute details.

"So far as the system of accounts is concerned, it is one of the points to be examined, for in all well regulated banks the figures, especially when presented by the men who make them, exhibit the affairs of the bank in so clear a manner that they may be readily comprehended by examiners, whether accountants or not. We admit, of course, that skillful manipulation of the figures can deceive. That is another phase of the question. We are attempting to interest stockholders in those concerns where every expectation of honest treatment is justifiable.

"Boards of bank directors are sometimes composed of the best men available for the purpose, and sometimes they are not—often of sheer figureheads, who are known to be such. The want of discretion on the part of stockholders in making appointments not based upon fitness is illustrated in the case of the Marine National Bank—the Grant-Ward Bank—of which a late Comptroller of the Currency has said :

"An examination of the minutes of the board of directors of the bank shows that on the 11th of April, 1884, twenty-five days before the failure of the bank, the committee of examiners appointed by the board of directors reported that they had examined the securities, counted the bills and specie, examined the balances on the ledgers of the bank, and found the recorded statement of the 7th of April, 1884, to be correct. The minutes further show that the directors were in session about an hour before the bank closed. They apparently had no suspicion of the state of its affairs, and voted to discount certain offerings of commercial paper; and within one-half hour after adjournment of this meeting the bank closed its doors. It would seem, therefore, that the board of directors was grossly deceived as to the true state of its affairs."

"But we may assume that all boards are capable of forming competent investigating committees, if not from their own number, with outside assistance, presumably among the heaviest stockholders."

"The members of an 'auditing,' 'examining,' or 'finance' committee—as it may be called—are not expected to be auditors merely. In banks where the force is sufficiently large to employ good methods, and proper precautions are taken, the work audits itself. In small banks a rigid examination of the books is of great service to faithful employes. The quotation given above shows that a certain amount of auditing was done in that bank, and in addition, the specie that was there was counted, and it was found to be correct. If the specie that is not there could be counted it would often be more to the purpose. The specie is a fluctuating commodity at the best. It is the loans that give character to the bank. Of the loans and investments this committee should know all there is to be known, and without unnecessary waste of time. The duties, in addition, affect the conduct of every person in the employ, and the methods of transacting business. A familiarity is essential, for questions will arise that are local or peculiar, and practices of doubtful policy, about which the authorities disagree, will be suggested. Decisions must be rendered understandingly, for these matters present different aspects in different banks, in each of which they must be decided according to circumstances."

CO-OPERATIVE BANKS IN MASSACHUSETTS.

An important chapter in the history of the co-operative bank system of Massachusetts has been completed. The event is worthy of commendation. It signifies that the system has successfully passed through its experimental stage. The hopes and predictions of its friends have been fulfilled. The fears of those who were skeptical as to its merits have been proved groundless. Taking an active interest in the movement from its inception, I share in the exultation with which its triumph is greeted. As a representative of the commonwealth, it is fitting that I come here to-night to testify, as truly as I can, to the benefits which the system has already yielded to the State, and to the bright promise which it holds out of still grander benefits in the future. What means the maturing of the first series of shares in each of these two banks? It means that the promise made by the bank to its shareholders at the commencement of the series has been faithfully kept; that the system has accomplished all that was claimed for it. That promise was that, by

the payment of \$1 per month upon each of his shares, the shareholder should at some time in the future receive \$200 upon each of such shares. The time when this result should be reached was not and could not be stated. It depended upon the profits which should be made by the bank and credited to its shares. The estimate was that the time of maturity would be from eight to thirteen years. Eleven years have passed and the promised result has been attained. In these eleven years, or 132 months, \$132 has been paid upon each share. Upon that investment the shareholder now receives \$200. He receives this \$132 invested and \$68 in interest. If the whole \$132 had been deposited at the beginning of this period of eleven years, the rate of interest received upon it would have been nearly five per cent. per annum, which would have shown it to be a good investment. But the sum of \$132 was not deposited eleven years ago. It has only been deposited in easy installments of \$1 per month during the whole period. You who are good at figures—I am not—just reckon up what the annual rate is when \$68 are received upon \$132 deposited in that way. You will find that the rate is such as is rarely obtained upon any other safe investment. That is the benefit the depositors have enjoyed.

But this is only a part of the good which has been done. How has the money aggregated by these monthly deposits, upon which such profitable returns have been made to the depositors, been used? It has not been loaned to speculators to enable them to engage in schemes profitable to themselves alone. It has not been invested in the stocks or bonds of corporations. But the use of this money, with all the advantages accruing from such use, has been given to and enjoyed by shareholders in the same bank from whose deposits it was accumulated. It has enabled them to become home-owners. It has taken them out of the tenement houses and freed them from the baneful influences which are apt to exhale therefrom. It has exempted them from the payment of rent to landlords. The loans made to them by the bank have enabled them to purchase homesteads, instead of hiring them, the bank being secured for its loans by mortgages upon such homesteads, and the borrowers repaying such loans in monthly installments of about the same amount as they would otherwise pay for rent of property of a like value. And now, at the expiration of eleven years, the borrowers upon shares in the first series, instead of paying rent for that period and having nothing now to show for it, have by the payment of these monthly installments, repaid the bank in full, and own their own homes free and clear of the mortgages given to it. The business has been profitable as an investment to the non-borrowing shareholders, as already shown. It has been profitable to the borrowing shareholders in that it has made them the owners of their homesteads.

As an example of what the banks are doing in promoting home ownership, I always like to cite the case of Crescent Hill, a village like Arlington, the town in which I live. Three years ago, when I obtained the statistics in regard to it, this village consisted of 27 houses, and of these 22 had been either built or purchased with money furnished by three of the co-operative banks of Boston. More than \$40,000 has been loaned by these three banks upon these 22 houses, and not a cent has ever been lost upon them. And this is only a small part of what these banks have done in the same direction, for they have during the same time been making loans upon a great number of estates in Boston and its suburban towns.

As another example, I was reading the other day, in the *Herald*, the statement of the secretary of the Mansfield Co-operative Bank, that,

since its organization in March, 1883, it had enabled 100 citizens of that town to build houses for themselves, and that the present rapid and substantial growth of that town is largely the result of its operations. That is the achievement of a single bank; and when we remember that there are already over 60 of these institutions in the State, and that the number is rapidly increasing, we can form some idea of what they are doing in promoting the growth of our towns and cities, and increasing the number of the land owners in the State. It is in recognition of this contribution to the welfare of its people that it is just that the commonwealth should send some one of its officials here this evening with its greetings. The greater the number of its citizens who are interested in the ownership of its soil, the better it is for them, and the better it is for the State. In those countries where the law of primogeniture prevails, the effect is that the land property of the nation is in the hands of the privileged few, while the majority of the people are landless and poor. Under the American system, where the intestate property, instead of descending to the eldest son alone, is divided equally among all the children, the tendency is to prevent the monopoly of real estate, and to facilitate its acquisition by the masses of the people. The policy of Massachusetts is to encourage this tendency by its laws and its institutions. It is the policy of philanthropy, it is the policy of conservatism. It promotes good citizenship; it enlarges and strengthens the conservative and law-abiding elements of society, upon which we rely as a safeguard against the dangerous and disorderly influences by which we are menaced. Anarchy and its kindred evils will never make headway in a community of home owners. The men who become home owners not only thereby acquire a higher social position, better opportunities for sharing in the good things of life, but they have an additional incentive for being good citizens. They realize that they have a greater interest in the State, that they are more important parts of the body politic. They feel more deeply the necessity of good government, of economy in public expenditures, of the maintenance of law and order. The co-operative banks of Massachusetts are rapidly enlarging the number of its citizens who are under the influence of these motives, adding to their happiness and to the security of the State, and for this they are entitled to the grateful regard and the fostering care of the commonwealth and all its people.—*Address of Lieut-Gov. Brackett before the Co-operative Banks of Boston.*

AN ADDRESS ON BANKING.

BY THE HON. SETH LOW, BEFORE THE NEW YORK BANK CLERKS' ASSOCIATION.

[CONCLUDED.]

That illustrates again how banking has taken on features which are absolutely new in the last few years. I believe your Clearing House was established in 1854, and in 1857 your banks went through that panic, each one dependent upon itself. In 1873 the banks began to work together, and in 1884 they worked together easily, and thus the disaster of 1884 was limited, just because the passage of the years had made the banks feel that in moments of peril they must stand shoulder to shoulder.

Somebody has said that Hamilton favored for our Government a

strong central Government, aristocratically administered, and that Jefferson, on the other hand, favored a weak central Government, democratically administered; what we have is a singularly happy combination of the views of both statesmen. We have had the strong central Government, but it has been democratically administered. It seems to me that we now have in our banking system a singularly happy combination. The history of banking here is almost parallel in its controversies to those that have been going on in our midst as to governmental theories. You remember that, at the foundation of the Government, Hamilton suggested his United States Bank, a bank in which the Government was to own a large part of the stock, which was to have its branches all over the country, and which, undoubtedly, served a useful purpose in its day. That bank, with one intermission, I believe, lasted for thirty or forty years; but the Jeffersonian school objected to it because of its centralizing tendency, and in the days of Jackson and Van Buren they broke it up and established the Sub-Treasury system, by which the Government takes care of its own money. Now the Sub-Treasury system continues with us still, and it represents, in banking, the Jeffersonian idea. When the United States Bank was broken up, we had to rely, for the paper circulation of the country, upon State banks, and for a while we got along the best way we could; but the moment the war came upon us that system went to pieces, and we now are familiar once more with a national bank system. These banks are national in this respect: they get all the powers from the National Government, not from the States; the restrictions that are placed upon them are placed upon them by the National Government, and they are under the oversight of the National Government, and their note issue is secured by a deposit of United States bonds with the Government of the United States. In this way the national bank currency is good, no matter what bank issues it; the bank may fail, and yet the currency will be redeemed. Now these are characteristics of the Hamiltonian idea, yet these banks, with all this strong Hamiltonian doctrine implanted in their structure, are locally formed and locally administered, and the Government interferes only for purposes of oversight. A bank may be managed badly and may fail, as national banks have failed, but their currency is nevertheless good. Thus, you see, we have in this system what I have called a singular and happy combination of the theories of those two great men, displaying itself in banking just as a similar combination has displayed itself in our governmental life.

On this question of the note issue of the banks, it may be that, with the retirement of the Government bonds, a very difficult question will arise as to how the national bank note currency shall be secured; but it seems to me that there can be no question about our ever departing from the salient features of the system. An intelligent people like this will never go back again to a system of paper currency, the value of which varies in every State, and as to different banks in the same State. I suppose that very few people appreciate the difference between the national bank currency and the greenback. Of course the national bank currency can be no better than the greenback, because it is redeemable in that; but the national bank currency is better than the old, unsecured paper currency of the State banks, because it has behind it these United States bonds.

I have always been very much interested in the debate which Gen. Woodford held in Ohio, during the soft money campaign, with Gen. Ewing in 1875, on this question of the greenback. You remember that Ewing maintained that the fiat of the Government made the greenback

money, at all events that, in substance, was the claim of the party which he represented. Gen. Woodford said, "No, the greenback is a note which says that the United States will pay five dollars, and its value depends upon the confidence in the ability of the Government to redeem its promise to redeem its note, and upon the confidence in the good faith of the Government that it will do it; in other words, that the value behind paper money is the value of a promise"; and he illustrated it in this way, which I thought was a singularly happy way. He held before his audience a five-dollar note of the Continental currency. It bore upon its face "The United States," the name we are all familiar with, "Five Dollars," and went on to say that it was exchangeable for Spanish Milled Dollars; but it never was redeemed, and he asked his audience, "How much of your corn and wheat will you give for that piece of paper?" Well, of course they would not give anything. Then he held up a five-dollar note of Confederate money, and said, "Here is another piece of paper: how much will you give for that? If the fiat of the Government makes money, how much will you give for that?" They naturally said they would not give anything for that either. He said he supposed not; that Gen. Sheridan had broken that bank at Appomattox. Then he held up a three-gulden piece, minted in 1764 by the Belgium Trade League, a piece of silver, and he said, "How much will you give for that piece? Its value to-day is so much; the value of the metal in it is so much." Well, they said they would give the equivalent of that in corn or wheat. Then he said, "See there; there is a piece of silver that was coined by a League that has passed out of existence. It was coined at a mint that has been destroyed for many, many years, and yet, to-day, you men in Ohio will part with your corn and your wheat for that; but you won't give any of your corn or wheat for this paper promise of a good Government, because it was not kept, nor for a paper promise of a Government that went to pieces." In other words, the value of the greenback lies in the confidence that is felt in the ability of the United States at some time to redeem its promise, and the confidence in the good faith and integrity of the United States, that when it can, it will. It seems to me that a better development of the difference between coin and paper currency it would be difficult to find. Gen. Woodford made that illustration four years before the United States did redeem its pledge, but he has lived to see, as we have lived to see, the promise of the Government we love and honor made as good as gold.

The first time that I ever came personally in touch with the banks of New York, or with any of them, was in 1870, just after I had entered my father's office, when I was taken up to the Bank of Commerce to be presented to Mr. Sherman, who was then its paying teller, so that I might collect the money on checks in case I was sent upon that errand. I very well remember the greeting that was given to me by Mr. Sherman, who looked up a moment from his desk and, knowing my father, said, "I am glad to see you, Mr. Low; you bear your endorsement on your face." I always have thought it was as neat a play upon words as it was pleasant to me in its personal application. Since that time I have had dealings with banks in New York and in Brooklyn, as a merchant and as a depositor, and I believe I speak what is literally the case when I say that, in any controversy that may have arisen in all those years as to the accuracy of an account, the bank has always substantiated the correctness of its figures. I think it may be said of you, gentlemen, and of your colleagues, that you have carried the quality of accuracy to as high a point as it ever has been carried by men. It may be said, of

course, that that is your business; but accuracy, sustained accuracy, in the movements of the human mind or muscle, is only to be maintained as the result of high discipline and effort.

I do not suppose that I strike the gentlemen and ladies present as a very old man, although to be sure, in comparison with some of you younger men, I am, in the phraseology of Dickens, "comparatively stricken in years," and yet the changes that it has been my fortune to witness in the commercial methods of New York, as illustrated by our own business, in the short interval since 1870, are very hard to realize. In 1870 the firm of A. A. Low & Brothers was still sailing five of their old clipper ships. One by one three of them laid their bones upon the rocks in different parts of the world. They have no successors. Two were sold, and the private signal that for thirty years floated over every sea between New York and China, floats to-day only from a little cat-boat over the waters at Newport.

I have seen the Suez Canal opened, that project which Darius thought of assuming centuries ago, and abandoned, because he became convinced that to open the canal would lead to unspeakable disaster on account of a difference of level, as he believed, between the Mediterranean and the Red Seas. But in this interval since 1870, the Suez Canal has been opened, and it has revolutionized the trade with the East. In some respects it has diverted it back again into mediæval lines. For example, London, when I went into business, was the center of the raw silk trade with China and Japan. To-day London has been compelled to yield to Lyons.

I have seen the development of the transcontinental system of railways in this country change the tea center for Japan teas from New York to Chicago. The Suez Canal is the only thing that enables New York to keep any hold at all upon that trade. Formerly, all the tea from the East came to New York; to-day every Pacific Mail steamer will bring its consignment to twenty or more cities throughout this Union. I have seen the teas that used to reach us in December, reaching us in June, or even in May. These things seem to you all inconsequential things, I dare say, but they are changes greater than marked trade with the East in the previous century, or in many centuries before. To these changes the steamboat, the railroad, the telegraph, and the telephone, have all contributed their share, but none of these, nor all of these things together, could have changed the methods of business as they have been changed, except that side by side with them has taken place this wonderful development of deposit banking, with all the facilities which that has placed within the hands of men. It is a great deal to be connected with a system so consequential as that. The firm of which I was a member retired from business on the 1st of January, because we had come to realize that, in effect, importations from China were made to a large extent on account of banks by those who worked at each end for a commission of one per cent. In this country, as in England, the merchant who has striven to continue in business by using his own capital, has been compelled to give way to the man who has worked chiefly upon borrowed money, for reasons that you can easily understand, if you think of it. The merchant who has his own capital involved thinks that if he adds his time to his money he ought to get at least ten per cent. upon what he has in business; but let a man who has but a small capital, under modern methods, borrow four or five times what he has, as he readily can do upon the security of merchandise as it comes along, and if he can earn upon that money just a little percentage more than he pays for it, he gets not ten per cent. upon his own

money, but twenty, or thirty, or forty per cent. Therefore he can and will work more cheaply. What has happened here is simply what has happened in England, that those who have had large means of their own have retired before those who were in a position to profit more by modern methods. Now these methods have been made possible by deposit banking as it has been conducted in England, and in this country. As one result, to use the words of my father, "The old fashioned merchant is as extinct as the mastodon."

Gentlemen, as I said to you, it is a great thing to be a part of a system that is so influential as the banking system in all its manifold phases to-day. The rewards of that business are open before you all. In your business, as in every other, the highest rewards can be reaped only by the few. In an army there is only one General, and yet every soldier fights with the hope of promotion, even to the highest place. But as the soldier fights not only with the hope of promotion, but with the inspiration of a great cause, so it seems to me, you, gentlemen, may discharge the daily routine of your duties, not simply with the hope of promotion, but in the power of the inspiring thought that you are part and parcel of the greatest, I think I may fairly say the greatest, commercial agency of the present day—an agency that is unspeakably powerful for good, if wisely administered and honestly; but an agency that is equally powerful for harm, where folly yields it, or dishonesty taints it. Compared with most men similarly circumstanced, so far as income is concerned, you enjoy the trust of the community in a remarkable degree. A breach of trust in your ranks, when compared with breaches of trust outside of the banking system—is like the failure of the heart as compared with the parting of a vein. It seems to me that all who are interested in the banks of New York should take pleasure and pride in the record of this Bank Clerks' Mutual Benefit Association. That you may continue to prosper should be, as I doubt not it is, the wish of all such, not simply for your own sakes, but for the sake of all who are interested in the banks of the metropolis.

THE THRIFT MOVEMENT ON THE CONTINENT.

One of the most hopeful signs of the times may be noted in the steady progress of the great thrift movement. Dating its commencement from the year 1817, when the legislature of this country first took the matter in hand by controlling the existing system of savings banks and widening the basis of their operations, the movement has slowly but surely extended, not only throughout the United Kingdom and the colonies, where signal results are being recorded from time to time, but over a wide and important area of the European continent. There is thus to be seen in the fruits of the economy of the people, as shown by the returns of the thrift or savings banks, a potent and beneficent element which is of the greatest and far-reaching consequence, and which is being emphasized more and more every year. One State or country after another has wisely seen and provided for the necessity of training its people to habits of prudence and foresight with regard to money matters; and now there is scarcely a State in the whole of Europe that does not rejoice in its native system of people's banks, by which agency these very essential habits may be fostered to good purpose. Some references, therefore, to the splendid work that has been accomplished during recent years on the Continent by such useful

"aids to thrift" may not be without point at the present time, when the system of savings banks in vogue in this country is receiving more than its usual share of attention from Parliament, in order to its being made more useful to the community. Although the savings bank movement in this country may be said practically to have had its origin nearly a century ago, it was in the year 1816-17, as has been indicated, that the Government, recognizing its immense importance to the community, gave it that status which it was so desirable to acquire in the general interest. With the legislature's *imprimatur*, the success of such a system all the more readily became assured than without it, and the experience of seventy years has emphatically proved this. And so, since the year named, the control of the system has practically been in the hands of the State, though what may be called "Trustee" patronage—which, by the way, seems to have yielded the best results—is in vogue in one of the two divisions of it, the other having been since 1861 under the supervision of the Postmaster-General. Probably it was the importance of the legislative step of 1816-17 that first directed the attention of the Governments of other countries to a system which had so much to recommend it to their notice, and seemed so worthy of adoption. At any rate, in the following year, 1818, a Caisse d'Épargne et de Prévoyance was established in Paris, much after the style and character of the banks for savings then multiplying rapidly throughout Great Britain and Ireland. Commencing its operations actually three years after Waterloo, the Paris Caisse d'Épargne is thus the pioneer of the system now flourishing over the length and breadth of the Continent, and is, of course, the most successful example of it. A remarkable amount of success has attended the career of this thrift bank from the beginning. Its accumulated deposits speak eloquently for the well-known persistent economy—in spite of many and extraordinary social disadvantages—of the generality of the Parisian working-classes; and if any moral element can indicate real progress, whether in the individual or the community, it is surely that of thrift, or providence, which is one of the best certificates of character a man or a class of men can possess.

The recently issued report of this great savings bank contains many interesting facts, of which the following are perhaps the most deserving of attention. With its chief office (*caisse centrale*) in the Rue Coq-Héron, and thirty-eight auxiliary branches in Paris and suburbs, it is not surprising to find that over half a million depositors take advantage of this useful institution. The precise numbers are—males, 308,329; females, 239,246. The balances (*soldes*) due to each class are 65,427,753 francs and 52,668,573 francs respectively; in all, 547,575 depositors, owning no less a sum than 118,096,326 francs, or an average (*moyenne par livret*) of 215 frs. 67c. each. With so large a body of depositors—over 14,000 to each branch—it may be inferred that a year's business will show large operations, and the following table indicates the nature and extent of these:—

	Francs.	Deposit Transactions.
I. Sums received last year (1887) at branches...	19,789,668	230,818
Do. do. at <i>caisse centrale</i>	27,586,474	180,732
Total.....	47,376,172	411,550
	Francs.	No. of Repayments.
II. Sums repaid last year (1887) at branches....	3,446,015	13,310
Do. do. at <i>caisse centrale</i>	42,056,741	194,597
Total.....	45,502,766	207,907
III. Total sums received and paid since the commencement.....	Received. 1,527,619,345 frs.	Paid. 1,290,315,941 frs.
Total number of transactions since the commencement....		20,647,644

A very significant table is that giving the classification of depositors according to designations. It is often alleged that many of the savings bank depositors do not strictly come within the working or wage-earning category, and that, consequently, the sums deposited by them do not fairly represent working-class savings. Much may be said *pro* and *con* on this aspect of the subject so far as it affects depositors in the savings banks in this country. With regard, however, to depositors in France, the following table distinctly shows that the working and artisan classes very decidedly preponderate in the savings banks there, and, indeed, constitute the main element contributing to the success of the banks:—

Last year 41,414 new depositors joined the Caisse d'Épargne of Paris and its branches. Of these, 20,417 were males, and 20,997 females. These are generally divided into—(1) Workers and laborers (22,698); (2) *Artisans patentés* (1,934); (3) Domestic, such as *gens de confiance*, *valets de chambre*, *cuisiniers*, *cochers*, *jardiniers*, *portiers*, &c. (4,691); (4) *Employés*, such as *employés supérieurs*, *employés aux écritures*, *commis marchands*, *garçons de bureau*, *facteurs*, *conducteurs*, &c. (6,412); (5) Military and marines (551); (6) other professions (97?); (7) *Rentiers* (4,170). It will be seen, therefore, from the foregoing distribution of classes, that those who joined the bank last year are the very persons requiring to do so, and it may therefore be fairly assumed that that average is representative of the whole body of depositors.

There is another feature of striking significance in the report, and that is the large juvenile element which is being educated in the principles and practice of economy by means of the savings bank. In this country the subject of juvenile thrift has long engaged the attention of those whom it concerns. The number of primary schools where thrift is taught in the attached school penny bank is increasing year by year. The education department has already expressed a decided opinion as to the necessity for teaching the young its valuable principles, and many schools throughout the country, especially those situated in populous centers, have, for some years now, had penny banks introduced as a part of the school system, with the happiest results. Manchester, Liverpool, Glasgow, Edinburgh, are cities that may be mentioned in this connection as places where, as in London and Paris, the very youngest persons are in constant training in those habits which lie at the root of social success and happiness.

The Épargne Scolaire of Paris is a wonderful success. No fewer than 224 schools with penny banks attached exist in Paris and neighborhood for the benefit of the young. In the arrondissement of Popincourt there are thirty-three of these schools in a flourishing condition. Sixteen of them are for boys, and seventeen for girls, of whom, together, 20,459 are depositors in the savings bank, possessing considerable sums. Last year these children deposited 59,234 francs. Altogether, in the 224 schools thus doing excellent work, there were last year 57,997 young people who enjoyed the benefit of that work, and that to the tune of 186,795 francs deposited, thus making a total of 1,292,092 francs invested by means of those most useful, if humble, agencies, since their introduction into the Parisian school system, thirteen years ago.

With such a civilizing center as France to strike out from, and with the splendid example of La Caisse d'Épargne de Paris to enforce its advantages, the thrift movement began gradually to spread over the adjoining countries. Although many years had elapsed after the establishment of the system in France ere the movement assumed anything like hopeful dimensions elsewhere on the Continent, the day at

length came when the Governments of other nationalities deemed it necessary to give the system their countenance. The Belgian Government was one of the first to apprehend its national advantages, and on the 16th of March, 1865, it extended the State guarantee to the Caisse Générale d'Épargne et de Retraite. The establishment and quick success of the Post Office Savings Bank system in this country, a year or two before, may have had something to do with suggesting something similar to the government of Belgium. Be that as it may, the new idea thus engrafted soon took hold of the popular regard throughout the country, and began to make itself felt in the practical form as a national necessity. To show to what an extent it has been taken advantage of in Belgium since 1865, it has simply to be stated that, after exactly twenty years' operations—*i. e.*, to December 31, 1885—no less a sum than 189,061,089 francs had accumulated to the credit of 431,545 depositors, who thus have an average sum of 438 francs each—a highly commendable result.

Quite as satisfactory in its way is the result of the working of the savings bank system in Switzerland. There, the four chief institutions are those established at Bale, Geneva, Neuchatel and Vaud. The result of these may be summarized:—

	Year.	No. of Depositors.	Amount of Investments.	Average Holding.
1. Bale.....	1886	22,444	14,315,827 francs	638 francs
2. Geneva.....	1886	40,038	27,552,451 "	702 "
3. Neuchatel.....	1886	34,366	25,320,448 "	736 "
4. Vaud.....	1886	35,705	24,125,955 "	709 "
Total, Switzerland.....		132,553	91,334,661 "	688 "

Rightly or wrongly, the working and peasant classes of Italy do not always get a flattering character for industry or thrift. The savings bank returns of their country will, at any rate, tell their own story, which is most creditable indeed, upsetting any preconceived notions with respects to the habits of the working-class population of that sunny clime. In Italy, the four principal Caisses d'Épargnes are those established at Turin, Florence, Milan and Bologna, and all do large and flourishing businesses with the native working classes, as the subjoined figures will substantially testify:—

	Year.	No. of Depositors.	Amount of Investments.	Average Share.
1. Turin.....	1886	67,007	38,000,622 francs	566 francs
2. Florence.....	1886	63,233	56,212,758 "	809 "
3. Milan.....	1886	391,465	357,015,749 "	942 "
4. Bologna.....	1886	73,881	27,749,505 "	375 "
Total, Italy.....		595,586	478,968,634 "	804 "

In Spain the thrift movement, though it has taken root in the national soil, grows somewhat tardily. Madrid is, of course, the place where an estimate of its progress may best be made, and such progress is, on the whole, not by any means to be despised, but rather augurs well for the future of that country. Who would have said fifty years ago that penny savings banks would flourish one day in Spain, and that the children of Madrid could save, in *escudos* and *reales*, nearly 30,000 *pesetas* (or francs) in a year? And yet they did so last year; while their parents and elder brothers and sisters, to the number of 37,866 persons, have gathered up in the savings bank of their capital no less than 15,766,166 francs—truly a worthy effort!

Austria-Hungary has welcomed the thrift movement to some purpose. What is called La Première Union de Caisse d'Épargne Nationale de

Pesth (Hongrie) is an institution of some magnitude, having as many as 62,565 depositors, who own 76,239,635 florins (190,499,089 francs); while its neighbor, the Caisse d'Épargne de Bohême, has actually 116,237 deposit accounts containing value to the amount of 100,319,435 florins (or 250,798,587 francs).

If Denmark and Sweden are at all behind in this important movement, they are at least making a very good effort to show that they approve of it and have faith in its principles. In the former country 71,943 persons have an interest in the savings bank established at Copenhagen, and that to a very considerable sum, 60,722,401 crowns being the amount of their holding on the 31st of March, 1886. In the latter country, credited usually with the good name of provident, 88,256 Swedes maintain the character of the nation by a saved sum of money representing 25,649,577 francs.

In the Pays-Bas, 44,396 persons, depositing over 5,000,000 florins in the savings bank of Amsterdam, have to that extent signalized their approval of the system, which has only been, it must be said, comparatively recently extended to them. It appears that they emphatically endorse the principles involved. Nor are their compatriots resident in Rotterdam a whit less anxious to do so, 43,373 of whom hold 7,778,047 florins to their credit in the local Caisse d'Épargne; while the Caisse d'Épargne Postale holds in addition 6,368,047 florins for 112,308 separate depositors, most of whom are independent of those attached to the other savings bank system.

In Germany the system of people's, or thrift, banks is as extensively adopted, and with as gratifying success, as in any other country on the Continent. Every town of any size or consequence throughout the great fatherland enjoys its savings institution, where every week hundreds of industrious artisans and their wives resort with their spare earnings. The post office system has in Germany also, as in not a few other continental countries, been engrafted on the already existing system. With such an opportunity as is afforded by the two systems, the working-classes of Germany cannot complain of any lack of inducement to maintain that character for frugality and thrift which has been theirs for many generations. It is computed that the capital invested in these banks throughout Germany by the distinctly wage-earning classes of the people amounts to over 3,000,000,000 marks. Returns from the savings banks established at two representative cities, such as Hamburg and Frankfort-on-the-Main, give the amounts respectively deposited there at over 23,000,000 marks for the former, and 28,000,000 marks for the latter.

Surely, therefore, nothing could augur more hopefully than this for the future prosperity and happiness of vast numbers of the industrial classes of these continental countries. Of course, the countless numbers who are indifferent to any such prudential efforts as are being put forth from year to year by those to whom the great thrift movements have been brought near, naturally deter the thoughtful from taking too hopeful a forecast of the ultimate benefit to be accomplished by its means. But it must not be forgotten that the age of savings or people's banks is only contemporary with the experience of many persons still comparatively young. If, therefore, the movement has accomplished so much as above described for the general well-being, both at home and abroad, within the space of half a century, what results may it not yet achieve in the years to come?

UNIFORM LEGISLATION ON NEGOTIABLE PAPER.

A committee of the National Bar Association at its last session made the following report on this subject, which is of the highest importance to bankers:

"Your committee on uniformity of laws was instructed, among other things, to inquire into the feasibility of procuring more uniform legislation on the subject of negotiable paper. One of the evils of the present state of the law on this subject arises from the fact that we have no common form or standard for negotiable promissory notes in the United States. A note in form negotiable in one State is not so in others. The term 'negotiable' is here used in its full commercial and technical sense, meaning instruments which, like bills of exchange, not only carry the legal title with them by indorsement or delivery, but which also confer upon the holder, when transferred for value before maturity, the right to 'demand the full amounts which their faces call for,' free from equities and set-offs existing between previous parties. Bills of Exchange, as is well known, have been thus negotiable by the law merchant since their first introduction into commerce, and this incident to bills of exchange has been recognized by the common law of England and America. As to promissory notes, the situation is materially different; their negotiable character was established in England by the statute of 3 and 4 Anne, C. 9. In most of the States of this country the effect of promissory notes is regulated by local statutes; but the requisites of negotiability vary so essentially in the different States as to produce much embarrassment and confusion in affairs of interstate commerce and in the ordinary business transactions which are constantly going on between residents of different States. The adoption of a common formula, which every business man of the United States could rely on as indicating negotiability, would seem to be a most desirable step in the direction of simplicity and uniformity, much needed in a commercial country where immense and growing internal traffic is constantly speeding across State lines. In most of the States the words 'or order,' 'or bearer,' constitute the distinctive words of negotiability in a promissory note; and if the instrument otherwise conforms to the general common law requirements as to certainty of amount, time, unconditional promise, etc., it attains the dignity of negotiable paper. This is so in many States by express statutes, and it is so in those States which have no statute on the subject, by force of the 'law merchant,' which has become part of the common law on this subject. But in a number of States notes are not negotiable, even if they attain appropriate words of negotiability and all other requisites, unless, in addition thereto, they contain certain other elements, either in form or substance. Thus in several States they must be made payable at a bank in the State where they are executed. (See Kentucky, Indiana, Virginia and West Virginia.)

"It seems that in one of these States (Kentucky) the note must be actually indorsed to and discounted by a bank in the State before it acquires the character of commercial paper. In another State (Alabama) the note must be made payable at 'a bank or private banking house, or a certain place of payment therein designated.' In Missouri the words 'for value received' are required, in addition to the words 'or order,' 'or bearer'; in Pennsylvania the words 'without defalcation' 'or without set-off' seem to have some effect. In some

States the words 'or assigns' are equally as effective as the words 'or order,' while in others no express words of negotiability are needed at all, thereby destroying one of the features of negotiable paper which enable the taker to distinguish it readily from other obligations. One State (Mississippi) appears to have suppressed the negotiability of notes in the commercial sense altogether, unless made payable to bearer. In nearly all the States negotiable notes, as at common law, must call for the payment of a certain sum of money, but in a few this rule has been done away with, and they may be made payable in money or property, or even labor. (See Illinois, Georgia, Colorado and Iowa.) There are many other peculiarities seriously affecting the rights of holders and the liabilities to parties to promissory notes, the discussion of which would unduly prolong this report. To add to the complexity of the situation, the Federal courts have declined to be governed by State laws on this subject. The Supreme Court of the United States has declared that negotiable paper is an instrument of commerce; that local statutes and local usages do not extend to instruments of a commercial nature, 'the true interpretation and effect whereof are to be sought, not in the decisions of the local tribunals, but in the general principles and doctrines of commercial jurisprudence.' So that, even within the borders of one and the same State, different tribunals may and do apply different constructions and give a different effect to one and the same promissory note, the one holding it to be a negotiable instrument of that high character which makes it invulnerable in the hands of an innocent holder for value, the other relegating it to that class of ordinary written obligations which, though assignable, is not negotiable in the commercial sense. Those who desire to follow this subject further will be interested in reading the remarks of Mr. Justice Clifford on the necessity of more uniform rules for commercial paper in the United States. (See *Railroad Company v. National Bank*, 102 U. S. p. 57.) 'In looking over the different State laws, a compilation of which is herewith submitted, certain points of similitude will be found, which are entitled to consideration in choosing a common standard. If the field were entirely free, a new law for the entire country could be framed with much less difficulty than under existing circumstances. But deeming it more practicable to choose one of the existing State laws as a basis for unification, we have thought best to select the statute of New York; firstly, because it appears to be in harmony with the general law merchant, and therefore would cause little or no disturbance in a majority of the States; and, secondly, because it has already been practically and in some instances literally re-enacted in several States and territories. It is further the opinion of the committee that if Congress could be prevailed upon to prescribe a form for the territories and the District of Columbia, it would make a valuable beginning. Such a Federal note would soon be known throughout the country, and would be an inducement for State legislatures to follow in future revisions of State statutes. We therefore submit herewith a draft of an act taken from the New York statutes, with the recommendation that it be adopted as the law governing negotiability of promissory notes throughout the different States. The only change is in the insertion of the clause concerning days of grace, which is not in the New York statutes, and which was inserted by the committee, to prevent conflicting construction in those States in which days of grace have heretofore been abolished. We also submit a draft for an act of Congress on the same subject for the territories and the District of Columbia.' The law proposed to be enacted by the State legislatures and by Congress for the District of Columbia

and the territories is virtually the law of the State of New York on the subject.

"It reads: First—All notes in writing, made and signed by any person, whereby he shall promise to pay to any other person on his order, or of any other person, or unto the bearer, any sum of money therein mentioned, shall be due and payable as therein expressed, and shall have the same effect and be negotiable in like manner, and shall have days of grace as inland bill of exchange, according to the custom of merchants. Second—Every such note, signed by the agent of any person under a general or special authority, shall bind such person, and shall have the same effect, and be negotiable as above provided. Third—The word 'person' in the last two preceding sections shall be construed to extend to every corporation capable by law of making contracts. Fourth—The payees and indorsees of every such note payable to them or to their order, and the holders of every such note payable to bearer, may maintain actions for the sums of money therein mentioned against the makers and indorsers of the same, respectively, in like manner as in cases of inland bills of exchange and not otherwise. Fifth—Such notes made payable to the order of the maker thereof, or to the order of a fictitious person, shall, if negotiated by the maker, have the same effect and be of the same validity as against the maker, and all persons having knowledge of the facts, as if payable to the bearer."

THE ECONOMIC OUTLOOK.

The first and signal result of the recent remarkable changes in the conditions of production and distribution, which in turn have been so conducive of industrial and societal disturbances, has been to greatly increase the abundance and reduce the price of most useful and desirable commodities. If some may say "What of that, so long as distribution is impeded and has not been correspondingly perfected?" it may be answered, that production and distribution in virtue of a natural law are correlative or reciprocal. We produce to consume, and we consume to produce, and the one will not go on independently of the other; and although there may be, and actually is, and mainly through the influence of bad laws, more or less extensive mal-adjustment of these two great agencies, the tendency is, and by methods to be hereafter pointed out, for the two to come closer and closer into correspondence. A hundred years ago the maintenance of the existing population of Great Britain, of the United States, and of all other highly-civilized countries, could not have been possible under the then imperfect and limited conditions of production and distribution. Malthus, who in 1798 was led by his investigations to the conclusion that the population of the world, and particularly of England, was rapidly pressing upon the limits of subsistence, and could not go on increasing because there would not be food for its support, was entirely right from his standpoint on the then existing economic conditions; and no society at the present time, no matter how favorable may be its environments in respect to fertility of land, geniality of climate, and sparseness of population, is making any progress except through methods that in Malthus' day were practically unknown. Illustrations confirmatory of the assertion that the food resources of half a century ago would be inadequate for the support of the existing population of

the leading civilized countries are familiar. All the resources of the population of the United States, as they existed in 1880, would have been wholly inadequate to have sowed or harvested the present average annual corn or wheat crops of the country; and, even if these two results had been accomplished, the greater proportion of such a cereal product would have been of no value to the cultivator, and must have rotted on the ground for lack of any means of adequate distribution; the cost of the transportation of a ton of wheat, worth \$25, at a market, for a distance of a hundred and twenty miles over good roads, and with good teams and vehicles, entirely exhausting its initial value. The six great corn States are Illinois, Indiana, Missouri, Iowa, Ohio, and Kansas. They produce more than one-half the corn raised in the country. These States, by the census of 1880, had 2,056,770 persons engaged in agriculture, and it would have been necessary for this entire community to have sat astride of shovels and frying-pans for one hundred and ten days out of three hundred and sixty-five to have shelled their corn crop for the year 1880 by the old processes.

Forty years ago a deficient harvest in any one of the countries of Europe entailed a vast amount of suffering and starvation on their population. To-day the deficiency of any local crop of wheat is comparatively of little consequence, for the price of cereals in every country readily accessible by railroad and steamships is now regulated, not by any local conditions, but by the combined production and consumption of the world; and the day of famines for the people of all such countries has passed forever. The extent to which all local advantages in respect to the supply and prices of food have been equalized in recent years, through the railway service of the United States, is demonstrated by the fact that a full year's supply of meat and bread for an adult person can now be moved from the points of their most abundant and cheapest production, a thousand miles, for a cost not in excess of a single day's wages of an average American mechanic or artisan. The same conditions that one hundred, or even fifty, years ago limited the supply of food, and made it confessedly inadequate to meet the demands of a population increasing in a greatly disproportionate ratio, also limited the opportunities for employment to such increasing numbers apart from agriculture. Nearly and probably full one-half of all those who now earn their living in industrial pursuits, do so in occupations that not only had no existence, but which had not even been conceived of a hundred years ago. The business of railroad construction, equipment, and operation, which now furnishes employment, directly or indirectly, to about one-tenth of all the population of the United States engaged in gainful occupations, was wholly unknown in 1830. Apart from domestic or farm service little opportunity existed for women to earn a livelihood by labor at the commencement of the present century. An acre of the sea, cultivated by comparatively recently-discovered methods, is said to be capable of yielding as much food as any acre of fertile dry land; but thirty or forty years ago, fish in its most acceptable form—namely, fresh—was only available to consumers living in close proximity to the ocean. Now fish caught on the waters of the North Pacific, and transported more than 2,000 miles, are daily supplied fresh to the markets of the Atlantic slope of the United States, and sea products of the coast of the latter, transported 2,000 miles, are regularly furnished in a fresh condition to British markets. Now, with humanity occupying a higher vantage ground in every respect than ever before, with a remarkable increase in recent years in its knowledge and control of the forces of nature—the direct and constant outcome of which is to

increase the abundance of all useful and desirable commodities in a greater degree than the world has ever before experienced, and to mitigate the asperities and diminish the hours of toil—is it reasonable to expect that further progress in this direction is to be arrested? Is the present generation to be less successful in solving the difficult social problems that confront it than were a former generation in solving like problems which for their time were more difficult and embarrassing? If the answer is in the negative, then there is certainly small basis for pessimistic views respecting the effect of the recent industrial and social transitions in the future. But, in view of these conclusions, what are the reasons for the almost universal discontent of labor?

The reports of the New York Clearing-house returns compare as follows:

1889	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Jan. 5..	\$392,336,900	\$77,032,500	\$32,529,700	\$408,916,400	\$4,850,500	\$7,333,100
" 12..	386,318,000	82,150,700	34,930,900	410,120,800	4,863,100	14,549,150
" 19..	389,325,500	85,668,700	36,570,300	416,837,800	4,824,300	18,029,550
" 26..	392,881,900	88,550,200	37,545,800	424,324,800	4,734,000	20,014,800

The Boston bank statement is as follows:

1888.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Dec. 20	\$147,740,500	\$3,764,600	\$4,845,700	\$121,132,400	\$4,087,500
1889.					
Jan. 5.....	147,729,400	8,544,200	4,908,500	122,982,800	4,011,600
" 12.....	147,991,700	8,608,500	5,203,900	123,178,800	3,973,700
" 19.....	148,865,300	9,094,800	5,213,200	124,176,600	3,981,700
" 26.....	149,919,300	9,202,300	5,501,600	125,971,800	3,829,700

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans	Reserves.	Deposits.	Circulation.
Jan. 5.....	\$91,969,000	\$23,538,000	\$91,146,000	\$2,320,440
" 12.....	92,240,000	24,393,000	90,870,000	2,321,370
" 19.....	92,374,000	25,331,000	91,947,000	2,316,690
" 26.....	92,279,000	25,993,000	92,062,000	2,316,56

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Jan. 7.	Jan. 14.	Jan. 21.	Jan. 28.
Discouse.....	6 @ 7	5½ @ 6½	4½ @ 5½	5 @ 6
Call Loans.....	4½ @ 3	3 @ 2½	2½ @ 2	2 @ 1½
Treasury balances, coin.....	\$153,711,232	\$153,018,675	\$151,570,322	\$150,931,658
Do. do. currency.....	13,979,863	14,898,835	15,125,301	15,320,927

Sterling exchange has ranged during January at from 4.88 @ 4.89 for bankers' sight, and 4.84¼ @ 4.86½ for 60 days. Paris—Francs, 5.18¾ @ 5.16¾ for sight, and 5.22½ @ 5.20¾ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86¼ @ 4.86½; bankers' sterling, sight, 4.88½ @ 4.88¾. Cable transfers, 4.88¾ @ 4.89. Paris—Bankers' 60 days, 5.21¼ @ 5.20¾; sight, 5.17½ @ 5.16¾. Antwerp—Commercial, 60 days, 5.23¾ @ 5.23½. Reichmarks (4) — bankers', 60 days, 95¼ @ 95¾; sight, 95¼ @ 95¼. Guilders—bankers', 60 days, 40¼ @ 40⅞; sight, 40⅞ @ 40¼.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

STAMPED INDORSEMENT.

I am constantly called on to decide whether to accept a stamped indorsement or not. For instance, I have checks on this bank, drawn payable to the order of John Smith & Co., and indorsed by stamp: "For deposit to the credit of John Smith & Co." This indorsement is followed by the stamp indorsement of the collecting banks. If I accept such indorsement do I relieve the other indorsers from responsibility should the occasion arise of making good such indorsement, provided the check has not been deposited, as indicated by the stamp indorsement? In other words, is it safe to accept a stamp indorsement without the guarantee of the bank receiving the same for deposit?

REPLY.—Notwithstanding the constant use of stamped signatures, the most recent writers on commercial paper, Randolph and Daniel, express some doubt of the legality of such a signature. Randolph says: "Printing a signature with a hand stamp is probably sufficient, although such an act necessarily impairs the means of proof. It is, however, more doubtful whether a signature printed in the ordinary manner, without any manual act of the maker, is sufficient." (Vol. 1, § 64, p. 65.) Daniel, in considering the signature to notes, says: "The name may be printed as well as written, though in such cases it cannot prove itself, and must be shown to have been adopted and used by the party as his signature." (Vol. 1, § 74, p. 84.) In *Pennington v. Bachr* (48 Col. 565), coupons of bonds were thus signed by a printed *fac-simile* of the maker's autograph, adopted by the maker for that purpose, and this was deemed a lawful signature, though not expressly authorized by statute. The subject is more fully discussed in the English case of *Bennett v. Brumfitt* (L. R. 3 C. P., 28), than in any other case we have seen. The stamp in that case was affixed to a statutory election document, but the reasoning of the court applies with as much force to any stamped signature. Said Bovill, C. J.: "I see no distinction between using a pen or a pencil and using a stamp, where the impression is put upon the paper by the proper hand of the party signing. In each case it is the personal act of the party, and to all intents and purposes a signing of the document by him." Willis, J., concurred, saying: "I am entirely of the same opinion. The using a stamp is only a compendious way of writing the party's name." If, therefore, a person uses an instrument of this sort for the purpose of affixing his name, it seems to be quite as good as the writing of it with a pen or pencil. The only objection is with respect to the proof. The proper person must use the instrument; otherwise, it is not his signature. And when such a signature appears on an instrument the presumption that it is the signature of the proper person is not so strong as in the case of a written signature. But, in view of their extensive use and necessity, the courts would no doubt go a long way toward sanctioning their use and sustaining their validity, except in cases where their use has been fraudulent. There is far more danger of

fraud where they are used than where they are not, and, therefore, banks cannot be too circumspect in confining their use to the proper persons.

PAYMENT OF DEPOSIT TO ADMINISTRATOR.

A deposit is made in a savings bank in the name of C. S. A. Afterward she marries H. A. J. She dies and H. A. J. presents a certificate, as administrator on the estate of C. S. J., and demands the money. The bank refuses to pay, on the ground that it has not sufficient evidence that H. A. J. is administrator on C. S. A.'s estate, and demands the marriage certificate or other similar proof before paying. What is the bank's duty in the circumstances?

REPLY.—What degree of diligence shall be exercised by the officers of these institutions? In *Appleby v. Erie County Savings Bank* (62 N. Y., p. 18,) Church, C. J., remarked that they were to be held to the exercise of reasonable care and diligence. In *Boone v. Citizens' Savings Bank* (84 N. Y., 83), the administrator appeared at the bank and produced his letters of administration and the depositor's pass-book, which, by the contract, was evidence of his right to withdraw the deposit and demand its payment. "It had no right," said the court, "to inquire into the character of the trust, and owed no duty to the beneficiary, until the latter, by notice or forbidding payment, or demanding it for himself, created, on the part of the bank, such right and duty. Until then the character of the trust did not concern the bank. Whatever it was, in fact, was immaterial, and could not affect the right and duty of the bank to pay the person to whom it owed the debt. It is true that payment to the person presenting the pass-book is not always and absolutely a discharge to the bank. If paid to one who is neither the depositor, nor, in case of death, the legal representative of the depositor, the bank, if it has agreed to use its best endeavors to prevent fraud, must exercise diligence, and is put on inquiry by circumstances of suspicion."

What, then, is reasonable care and diligence? A bank is not always protected in paying, even when the book is delivered. If a bank had cause for believing that the book was in the possession of the wrong person, or that the order to pay was forged, it would not be justified in paying. The case of *Allen v. Williamsburgh Savings Bank* (69 N. Y. 314) is worth careful study in this connection. In the case in question, however, though the certificate was defective, yet if the bank officer had no reason to doubt its genuineness, he would have been justified, in our judgment, in paying the deposit. The certificate showed that the deceased was a married woman, and the only difference was in name taken by marriage. The book, too, we believe, was presented. Had there been any reason for questioning the validity of the certificate, then the bank would have been justified in refusing payment. We have considered the question without reference to any statute bearing on the subject.

BOSTON.—Much regret is expressed in business circles on the retirement of Mr. Chester Guild from the presidency of the Manufacturers National Bank. A handsome dinner at the Algonquin Club by the Bank Presidents' Association, of which Mr. Guild has been the secretary for nine years, is one of the many marks of esteem he has received from his host of business friends.

BOOK NOTICES.

Æsop's Fables, chiefly from original sources. By the Rev. THOMAS JAMES, M. A. With more than one hundred illustrations, designed by JOHN TENNIEL. New York and London: G. P. Putnam's Sons.

This neatly printed and daintily bound edition of one of the world's famous books is another proof that the poor old slave, who forced his way by his wit into the courts of princes, has a secure place in the world's remembrance. He came to Croesus' court a free man, having worked his way to fame by a more honorable road than that of his fellow servant, "Rhodopis the Fair," whose beauty and wealth reveal the story of her abuse of the one and her gain of the other. As proof of the estimation in which he was held by the Athenians for many generations after his death, it is said that to be able to tell a good story of him at a club was regarded as an indispensable accomplishment of an Athenian gentleman; "and he who had not got Æsop's fables at his fingers' ends was looked upon as an illiterate dunce." With respect to the present composition Mr. James says: "Some are compounded out of many ancient versions; some are a collection of ancient and modern; some are abridged, some interpolated; one takes the turn of a Greek epigram, another follows the lively and diffusive gossip of Horace; some walk more in the track of the Greek verse of Babrius, some in that of the Latin verse of Phædrus; a few adopt the turn given by L'Estrange, or speak almost in the very words of Croxall or Dodsley." The morals or applications, which are a later addition, have been severely pruned; and in this attractive form these fables will continue to delight and instruct for possibly twenty-five hundred years more.

Le Banche di Emissione ed il Credito in Italia. By A. J. DE JOHANNIS. Florence. 1888.

This is a brief and valuable description of banking and credit in Italy, a translation of which will soon appear in our pages.

The Life and Services of Joel R. Poinsett, the confidential agent in South Carolina of President Jackson during the nullification troubles of 1832. By CHARLES J. STILLE, LL.D. Philadelphia. 1888.

National Banks and Government Circulation, retrospective and prospective. By JAMES SELWIN TAIT, statistician of the North American Exchange Co., limited. New York. 1888.

A copy of this well written pamphlet was received and noticed several months ago. The author is an Englishman, and some of his references to English banking are of special interest. Having in mind the experience of the private banks of England, he declares, "It appears inevitable that if the national banks do not adopt the system of branches they will be

swallowed up by some organization which will be established to occupy the field. . . . The private banks of that country, which a century ago did all the banking in the British Isles, met the requirements of the public fully as well as the national banks meet America's necessities to-day. They were free from all suspicion of frailty; there was no lack of confidence in them, . . . and altogether the private banks seemed to be an imperishable institution. But they stood, as the national banks stand to-day, mere local units, without cohesion or combination, and they experienced the fate of all such when fighting against powerful federate action. There came a time eventually, when they were converted to the creed of their great opponents, but it was too late, their fate was sealed, and they could only beg the joint stock banks to absorb them, which the former incontinently did, with such gusto, indeed, that one bank, whose assets now amount to \$190,000,000, is said to have swallowed some three hundred of them." Mr. Tait thinks that if the country had one hundred large banks, with numerous branches, the financial safety would be greater than it is now, with three thousand small and separate banks.

The Stock Exchanges of London, Paris and New York. A Comparison.

By GEORGE RUTLEDGE GIBSON. New York and London: G. P. Putnam's Son's. 1889.

There are many books in which the stock exchange business is described, especially that of New York. The subject is easy, and is supposed to possess much popular interest. But to Americans the methods of conducting the business in London and Paris are not so well known. In the brief space of one hundred and twenty-five pages Mr. Gibson has presented a very intelligent account of the methods of conducting the business in the three cities; and we are sure that many will be pleased to acquire the information contained in this book. We can truly say there is no other covering the ground so briefly and well as this. Mr. Gibson seems to have divined the kind of book that was wanted, and has written it. We know from the inquiries frequently made at this office how gladly this book will be welcomed.

The Banking Laws of the State of New York, revised to October, 1888.

By EDGAR A. WERNER, late Chief Clerk of the State Banking Department. Albany: Weed, Parsons & Co., printers. 1888.

This work contains all the statutory laws of the State of New York now in force applicable to banks, banking associations and individual bankers; savings banks; trust, loan, mortgage, security, guarantee or indemnity companies or associations; also of corporations formed for the safe keeping and guaranteeing of personal property. To these he has added the official opinions by the Attorney-General, relating to the legal construction of particular laws. The work is a useful one, but, as Mr. Werner remarks, an entirely new statute should be passed, eliminating the obsolete laws, and reducing the others to a coherent whole. Until this is done the work before us will be valuable to all who have occasion to refer to the banking laws of the State.

History of the Bank of England. A comprehensive account of its origin, foundation, rise, progress, times and traditions, manner of conducting business; its officers and offices, and a full history of the bank and its entire working and management. By JOSEPH HUME FRANCIS. Chicago: Euclid Publishing Company. 1888.

The author says in his title page that this is "the first complete history of the world's greatest financial institution ever written." This statement creates an unpleasant impression, for John Francis' history of the bank from 1694 to 1844, and republished with a continuation to 1862, is far more complete and intelligently prepared in every respect than the work before us. But the author seemingly has not seen it. Those, too, who are familiar with "Maclead's History and Practice of English Banking," are not likely to learn much about the Bank of England from this. Yet it contains matters about English and American clearing houses, Scotch banking and the like, which, if having only a very remote connection with the Bank of England, possess some interest. The book does not profess to be anything more than "an extensive collection of facts connected with the history of the Bank of England, and of its foundation, rise and working and general management," and other subjects germane to banking. But we cannot help thinking that if Mr. Francis had understood the great mass of literature relating to that famous institution, he could have prepared a more orderly and valuable book than the one before us.

BANKING AND FINANCIAL ITEMS.

THE NORWICH NATIONAL BANK, incorporated in 1796, and having a capital of \$220,000, at the annual meeting of the stockholders has voted to go into voluntary liquidation, under the United States Banking laws, on March 15, 1889. Two thousand and twenty-two of the 2,200 shares were represented. It was voted to wind up the bank's affairs—Ayes, 1,930; noes, 92. The officers of the bank were empowered to carry out the vote of the stockholders on the date fixed.

A REFUNDING BILL.—Representative Plumb, of Illinois, has introduced in the House a bill to refund the outstanding interest-bearing debt of the United States and to make provision for retiring national bank notes and substituting therefor United States Treasury notes for currency. The outstanding bonds are to be refunded into two classes of bonds, one class to bear $2\frac{1}{2}$ per cent. interest and to be payable at the pleasure of the United States after public notice, and the other to bear 2 per cent. and to be redeemable at the pleasure of the United States after the same shall cease to be required or used by national banks as security for treasury notes issued on the face value of the bonds deposited. As soon as the sales of the refunded bonds shall reach \$10,000,000 the Secretary of the Treasury shall call in and redeem an equal amount of the now outstanding bonds at par and accrued interest. This process shall continue until all the present 4 and $4\frac{1}{2}$ per cent. bonds shall have been refunded.

CINCINNATI.—Of the eight national banks which were last year placed in the hands of United States Receivers by the Comptroller of the Currency, but one of them, the Metropolitan National Bank, of Cincinnati, has settled in full with the depositors. Agent James McConville was the only Receiver appointed during the

year who settled up the affairs of his stewardship within the year in which he was appointed, and Comptroller of the Currency Trenholm has complimented him upon the rare expertness and dispatch with which the affairs of the insolvent banking institution were settled. The nominal assets of the Metropolitan Bank at the time Receiver McConville took charge, February 10, 1888, were \$2,581,000—\$1,700,500 of this amount has been realized up to December 31. The liabilities at the date of the Receiver's appointment were \$1,405,000—\$1,391,000 of this amount has been paid by direction of the Receiver, leaving but \$14,000 unpaid. The capital stock of the bank was \$1,000,000. Two dividends of twenty and ten per cent. were paid on August 9 and October 10, respectively, aggregating \$300,000.

BROOKLYN.—All of the capital stock of the Wallabout Bank of Brooklyn has been subscribed for the purpose of organizing a new Brooklyn bank, to be known as the Wallabout Bank, and to operate under the State system. In addition to the capital stock the bank is to begin with a surplus of \$25,000. The officers, so far as they have been determined upon, are to be as follows: President, Isidore M. Bon; vice-president, Edwin Ludlam; assistant cashier, Charles A. Sackett. The directors and chief stockholders are Charles M. Englis, H. J. Morse, Lowell M. Palmer, Frank Rudd, E. G. Blackford, Herman Luis, John Englis, Isaac O. Horton, George F. Gregory, John Seton, Robert W. Paterson, C. Jourgensen, H. M. Bischoff, John H. Hoeft, George L. Pease, Charles E. Dingee, Thomas Barr, S. W. Haviland and Alonzo Slote. The bank is to be situated on the corner of Myrtle and Clinton avenues, Brooklyn, in a neighborhood not well supplied with banking facilities now, and the expectation is that it will secure the business of the merchants in the vicinity and of those doing business in the Wallabout Market. Of the marketmen and storekeepers in the immediate vicinity some thirty-five or forty are among the subscribers to the stock. The hope now is that the bank will be incorporated and ready for business by the middle of February.

OWNERSHIP OF NATIONAL BONDS.—From the best information obtainable, it may be roughly estimated that the four-and-a-half per cent. bonds are held as follows:

Security for bank note circulation.....	\$60,000,000
Security for public money deposits	15,000,000
Savings banks, insurance companies, etc.....	35,000,000
Individuals, trustees, etc., registered.....	40,000,000
Individuals, trustees, etc., coupon.....	30,000,000
Held by foreign investors.....	1,000,000

\$181,000,000

PITTSBURGH, Pa—Henry F. Voight, former cashier of the collapsed Farmers and Mechanics' Bank, has been arrested, and is accused of converting to his own use nearly \$200,000 of the funds of that institution. He had been cashier for nineteen years, and resigned last April. When the bank failed in September there was a large shortage in the accounts, and the work of experts traced the deficiency to Voight, against whom President Sorg has made the charges of embezzlement, perjury and falsification of accounts.

PHILADELPHIA.—The stockholders of the United Security Life Insurance and Trust Company of Pennsylvania held their annual meeting last month at the company's office, Mr. John N. Hutchinson, presiding. The board of directors submitted their report for the year 1888, showing profits carried over from the year 1887 \$4,930, and the profits for the year 1888, \$67,781.94, making a total of \$72,711.94, which was set aside to further secure the collateral trust bonds of the company issued and to be issued. It was stated in this connection that the capital stock was not fully invested under the company's plan, so that it could bring in returns, until about June, 1888, the entire capital of \$1,000,000 being in use only about six months. The plan of the company is well established and becoming widely known, and much satisfaction was expressed over the progress already made and the company's undoubted success and steadily growing business. A resolution was adopted returning the thanks of the stockholders to the president and board of directors for the conduct of the affairs of the company for the past year. The company expect to move in the latter part of this month to their building recently purchased, Nos.

603 and 608 Chestnut street, and will conduct a banking and safe deposit business in addition to the line of business already established.

NEW YORK.—The act of the Central Trust Company, of New York city, in dividing \$25,000 among its employes as the result of a single year's business may be condemned by some as an unwise proceeding. But the company itself evidently thought differently of the plan; and, according to a resolution adopted by it a year ago to make such a division, in the event that the business for the twelvemonth reached a certain figure, the fund was promptly disbursed, except \$2,000 reserved as a sick benefit for the employes. This division was equal to 25 per cent. of each salary, exclusive of the fund mentioned above as set aside, and in accordance with a custom of the employes, nearly the whole of the money thus received was immediately invested in stock of the concern. The aggregate of these investments was 100 shares, making the total investment of the employes other than the officers, 170 shares of the present market value of \$102,000. All of the twenty-seven clerks, with the exception of two, are now stockholders in the company, and their interest is such that none of them is under bonds for the proper performance of his duties.

NEW HAVEN, CONN.—An important decision concerning the validity of trust receipts has been decided by the Supreme Court. A little more than a year ago the failure of E. S. Wheeler & Co., of this city, surprised the commercial world. Among the firm's creditors were Heidelberg, Ickelheimer & Co., Brown Brothers & Co., and Kidder, Peabody & Co., all of New York, the total amount due them being about \$200,000. Among the goods taken in charge by the receiver of the company was \$50,000 worth of wire and block tin delivered to Wheeler & Co. by Heidelberg, Ickelheimer & Co., the latter company holding as security trust receipts. Similar conditions prevailed with reference to the other firms. The firms holding the trust receipts claimed absolute ownership of all goods not sold included in those receipts. The other firms claimed that the firms in question must share the proceeds of the estate pro rata and denied the claim to the trust receipt goods. By the decision of the court the three New York firms may take the property in question, thus reducing their loss to almost nothing. The remaining creditors will practically lose their entire claims.

BANK EXAMINER SNYDER RESIGNS.—Some surprise was created in financial circles when it was learned that the office of United States Bank Examiner for the New York District had become vacant through the resignation of Valentine P. Snyder, who has assumed the duties of cashier of the First National Bank of this city. Mr. Snyder was appointed United States Bank Examiner by Controller Trenholm, in January, 1886. He was at that time Deputy Controller of the Currency at Washington, having previously been in the employ of the Third National Bank of this city. Shortly after his accession to office Mr. Snyder appointed two assistants, Messrs. William H. Mellins, who had been assistant to his predecessor, and Robert Hyslop, a well-known banking expert from the Third National Bank.

HIAWATHA, KANSAS.—In January, 1871, W. B. Barnett, E. N. Morrill, and Lorenzo Janes opened a bank at Hiawatha, under the firm name of Barnett, Morrill & Co. In 1873 they moved into the fine banking house which they have ever since occupied. In 1877 Mr. Barnett decided to remove to Florida, and Mr. L. Janes desiring to retire, E. N. Morrill and C. H. Janes, who had been cashier of the bank from the time it commenced business, purchased their interest, and the business was conducted under the firm name of Morrill & Janes. On the 1st of May, 1887, they incorporated under the laws of the State, as The Morrill & Janes Bank, under which charter they now conduct their banking business. When they organized in 1871 there was no other bank in the county. They started with a capital of \$13,500, and had a deposit of \$12,000. This was then considered a very fine business for the county. This was scarcely eighteen years ago, and now they have a capital including surplus of \$120,000 and a deposit account averaging \$275,000, and this immense increase in business has come, notwithstanding the fact that seven other banks have been organized in the county during that time. Few people, not familiar with the banking business realize the immense amount of money represented by the transactions of this bank in the eighteen years it has been in operation. Their books show that \$120,000,000 have been received and paid out during that time.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 556.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....	Gansevoort Bank.....	.....
	\$200,000 T. C. Kimball, <i>P.</i>	Frank H. Skelding, <i>Cas.</i>
	Chas. E. Bigelow, <i>V. P.</i>	
ALA.... Brewton.....	Bank of Brewton.....	Continental National Bank.
	(Chas. L. Sowell.)	Oscar F. Luttrell, <i>Cas.</i>
ARK.... Hot Springs..	City Sav. B & Trust Co..	Mechanics National Bank.
	\$50,000 Albert B. Gaines, <i>P.</i>	Wm. W. Wright, <i>Cas.</i>
	Ed. Hogoboom, <i>Sec.</i>	
	C. N. Rix, <i>Treas.</i>	
COL.... Steamboat Sp'gs	Miller & Co.	Kountze Bros.
CONN... Thomaston....	Thomaston Nat. Bank ..	National Bank of Republic.
	\$50,000 Arthur J. Hine, <i>P.</i>	Fred. I. Roberts, <i>Cas.</i>
	A. P. Bradstreet, <i>V. P.</i>	
GA. Darien.....	Darien Bank.....	Hanover National Bank.
	\$50,000 Adam Strain, <i>P.</i>	Abbott Thomas, <i>Cas.</i>
" .. Hogansville....	Merch. & Farmers Bank.	Merchants Exchange Nat. Bank.
	\$20,000 Wm. S. Witham, <i>P.</i>	Judson F. Mobley, <i>Cas.</i>
	W. S. Herndon, <i>V. P.</i>	James C. Boozer, <i>Ass't Cas.</i>
ILL..... Greenup.....	Denman & James.	National Park Bank.
		Wm. H. James, <i>Cas.</i>
" .. Litchfield	First National Bank....	Importers & Traders Nat. Bank.
	\$50,000 R. J. Whitney, <i>P.</i>	Eli Miller, <i>Cas.</i>
	S. M. Grubbs, <i>V. P.</i>	E. R. Davis, <i>Ass't Cas.</i>
" .. Maroa.....	Bank of Maroa.....	Chase National Bank.
	James H. Parker, <i>P.</i>	Sam'l. A. Friedman, <i>Cas.</i>
	A. Stoutenborough, <i>V. P.</i>	
" .. Pittsfield.....	Pittsfield Bank.....	Chase National Bank.
	\$30,000 Lewis Dutton, <i>P.</i>	Ross Matthews, <i>Cas.</i>
	John Hull, <i>V. P.</i>	S. L. Morgan, <i>Ass't Cas.</i>
" .. Sheffield.....	A. W. Boyden & Son.	Third National Bank.
IND.... Flora.....	Bank of Flora .....	.....
	Daniel P. Baldwin, <i>P.</i>	John F. Hawkins, <i>Cas.</i>
" .. Franklin	Citizens National Bank..	.....
	\$50,000 Thos. W. Woollen, <i>P.</i>	John W. Ragsdale, <i>Cas.</i>
" .. Liberty.....	Citizens Bank.....	Continental National Bank.
	\$25,000 James P. Kennedy, <i>P.</i>	Benj. S. Fosdick, <i>Cas.</i>
" .. Lowell.....	Commercial Bank.....	.....
	Rob't. Dwigins, <i>P.</i>	Jay Dwigins, <i>Cas.</i>
IOWA... Carroll.....	First National Bank.....	.....
	\$50,000 O. A. Kentner, <i>P.</i>	R. G. Smith, <i>Cas.</i>
" .. Hull.....	Iowa State Bank. ....	.....
	\$35,000 J. H. C. Baumann, <i>P.</i>	S. L. Clark, <i>Cas.</i>
" .. Sioux City.....	Iowa State Nat. Bank...	Gilman, Son & Co.
	\$100,000 D. T. Gilman, <i>P.</i>	R. S. Van Keuren, <i>Cas.</i>
" .. Williams.....	Exchange Bank.....	.....
		Everett I. Johnson, <i>Cas.</i>
KAN. .. Erie.....	First National Bank.....	Importers & Traders Nat. Bank.
	\$50,000 J. O. Johnston, <i>P.</i>	W. F. Hazen.
	H. Lodge, <i>V. P.</i>	W. H. Smith, <i>Ass't Cas.</i>
" .. Fairview.	Fairview State Bank....	Hanover National Bank.
	\$10,000 Henry E. Isely, <i>P.</i>	Fred. E. Graham, <i>Cas.</i>
	W. F. Lambertson, <i>V. P.</i>	
" .. Kingman.....	Citizens Bank.....	National Park Bank.
	R. W. Hodgson, <i>Pr.</i>	Wm. Wensell, <i>Cas.</i>
	John E. Lydecker, <i>V. P.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN....	Nickerson..... \$25,000	Farm. & Citizens Bank.. Wm. W. Aldrich, <i>P.</i> E. M. Elliott, <i>V. P.</i>	Chase National Bank. Herman P. Aldrich, <i>Cas.</i>
" ..	Oak Valley..... \$5,000	Oak Valley Bank.....	Isaac B. Alton, <i>Cas.</i>
MICH....	Ionia.....	Webber Bros. Geo. W. Webber, <i>P.</i>	H. B. Webber, <i>Cas.</i>
" ..	Nashville..... \$35,000	Farmers & Merch. Bank. Clifford D. Beebe, <i>P.</i> F. C. Boise, <i>V. P.</i>	Chase National Bank. E. M. Eveits, <i>Act'g Cas.</i>
MINN...	Hancock.....	Bank of Hancock..	Chase National Bank. Arthur S. Mason, <i>Cas.</i>
" ..	Lake Crystal...	Marston, Larson & Davis.	
" ..	Minneapolis.... \$125,000	Garland Banking Co.... Chas. C. Garland, <i>P.</i> Dennis Ryan, <i>V. P.</i>	Barnard W. Taylor, <i>Cas.</i>
" ..	Minneapolis... \$100,000	Metropolitan Bank..... S. P. Channell, <i>P.</i> E. J. Edwards, <i>V. P.</i>	C. E. Braden, <i>Cas.</i>
Mo.....	Butler..... \$20,000	Farm. Bank of Bates Co. D. N. Thompson, <i>P.</i> J. K. Roseir, <i>V. P.</i>	Chase National Bank. Elmer D. Kipp, <i>Cas.</i>
" ..	Nevada..... \$100,000	First National Bank. E. E. Kimball, <i>P.</i>	F. E. Carr, <i>Cas.</i>
" ..	Trenton..... \$50,000	First National Bank..... Stephen Peery, <i>P.</i> Chas. H. Cook, <i>V. P.</i>	American Exchange Nat. Bank. Chas. E. Ford, <i>Cas.</i> L. L. Ashbrook, Jr., <i>Ass't Cas.</i>
MONT .	Anaconda..... \$100,000	First National Bank..... Wm. L. Hoge, <i>P.</i>	Wm. M. Thornton, <i>Cas.</i>
NEB....	Albion..... \$60,000	First National Bank..... Chas. E. West, <i>P.</i> F. B. Tiffany, <i>V. P.</i>	Hanover National Bank. F. S. Thompson, <i>Cas.</i>
" ..	Battle Creek.... \$6,000	Battle Creek Valley B.. Herman Hogrefe, <i>P.</i> F. H. L. Willis, <i>V. P.</i>	W. Lamont Willis, <i>Cas.</i>
" ..	Henderson.... \$5,000	Bank of Henderson....	Importers & Traders Nat. Bank. O. N. Knight, <i>Cas.</i>
" ..	Kearney..... \$100,000	City National Bank..... F. G. Keens, <i>P.</i>	J. S. Adair, <i>Cas.</i>
" ..	Wisner..... \$15,000	Citizens State Bank..... F. B. Van Darn, <i>P.</i> Henry Leisy, <i>V. P.</i>	Kountze Bros. Joseph H. Emley, <i>Cas.</i> John W. Kinzel, <i>Ass't Cas.</i>
N. Y...	Far Rockaway. Far Rockaway Bank.....		Chase National Bank.
" ..	Johnstown.... \$125,000	Peoples Bank..... Peter N. Davenport, <i>P.</i> Wm. A. Wynn, <i>V. P.</i> Jacob P. Miller, <i>P.</i> John S. Ireland, <i>V. P.</i>	Sam'l R. Smith, <i>Cas.</i> Val. W. Smith, <i>Ass't Cas.</i> Edward Wells, <i>Cas.</i> Elisha B. Knox, <i>Ass't Cas.</i>
ORE....	Hillsdale..... \$50,000	First National Bank..... John W. Shute, <i>P.</i>	J. D. Merryman, <i>Cas.</i>
PENN...	Nanticoke..... \$75,000	First National Bank..... Isaac Everitt, <i>P.</i> John Smoulter, Jr., <i>V. P.</i>	National Bank of the Republic. Harry D. Flanagan, <i>Cas.</i>
" ..	South Bethlehem South Bethlehem Nat. B. \$50,000	Wm. Rothrock, <i>P.</i>	J. B. McCamaut, <i>Cas.</i>
VA....	Newport News. Bank of Newport News.. \$20,000	Theo. Livezey, <i>P.</i> Milton B. Crowell, <i>V. P.</i>	Thomas E. Morris, <i>Cas.</i>
WASH..	Walla Walla... \$150,000	Baker-Boyer Nat. Bank.. John F. Boyer, <i>P.</i> M. C. Moore, <i>V. P.</i>	Importers & Traders Nat. Bank. Herbert E. Johnston, <i>Cas.</i>
WYO..	Casper..... \$5,000	Bank of Casper.....	Geo. Weber, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 558.)

<i>Bank and Place.</i>		<i>Elected.</i>	<i>In place of.</i>
N. Y. CITY..	American Finance Co..	Oscar H. Short, <i>Sec.</i> .....	.....
"	" American Surety Co.....	W. A. Miner, <i>Treas.</i>.....	.....
"	" Bank of America.....	W. A. Wheelock, <i>P.</i>	Richard A. Elmer.*
"	" .. Bank of State of N. Y.....	Edmund W. Corlies, <i>P.</i>	Wm. L. Jenkins.
"	" Central National Bank.....	Wm. L. Jenkins, <i>V. P.</i>.....	.....
"	" Central Safe Deposit Co.....	B. C. Duer, <i>Cas.</i>	John H. Rolston.*
"	" Fidelity & Casualty Co.....	E. Langdon, <i>V. P.</i>.....	.....
"	" First National Bank.....	S. D. Jackson, <i>S. & T.</i>	Nathan Brewster.
"	" .. Fourth National Bank.....	Robt. J. Hillas, <i>Sec.</i>	John M. Crane.
"	" .. Garfield National Bank.....	E. Scofield, <i>Cas.</i>.....	.....
"	" .. North River Bank.....	Valentine P. Snyder, <i>A. C.</i>.....	.....
"	" .. St. Nicholas Bank.....	Henry Buckhout, <i>V. P.</i>.....	.....
"	" .. Santa Rosa National Bank, Santa Rosa.	Chas. H. Patterson, <i>Cas.</i>	Henry Buckhout.
"	" .. First National Bank, Stockton.	Hiram Hitchcock, <i>V. P.</i>	G. H. Robinson.
"	" .. Colorado Nat. Bank, Denver.	Owen Ward, <i>Ass't Cas.</i>.....	.....
"	" .. South Pueblo Nat. Bank, South Pueblo.	E. E. Gedney, <i>P.</i>	Levi Appar.*
"	" .. San Miguel Valley Bank, Telluride.	Arthur B. Graves, <i>P.</i>	Joseph H. Parsons.
ALA....	Birmingham National Bank, Birmingham.	A. T. Jones, <i>V. P.</i>	B. C. Scott.
ARK....	German Nat. B., Little Rock.	W. A. Porter, <i>Ass't Cas.</i>.....	.....
CAL....	First National Bank, Fresno.	Oscar Davis, <i>Cas.</i>	C. T. Walker.
"	" .. Santa Rosa National Bank, Santa Rosa.	W. H. Chance, <i>V. P.</i>	Wm. Faymonville.
"	" .. First National Bank, Stockton.	A. B. Ware, <i>P.</i>	S. R. Cooper.....
COL....	Colorado Nat. Bank, Denver.	J. H. Brush, <i>V. P.</i>	A. B. Ware.
"	" .. South Pueblo Nat. Bank, South Pueblo.	F. A. Brush, <i>Ass't Cas.</i>	J. H. Brush.
"	" .. San Miguel Valley Bank, Telluride.	Frank A. Stewart, <i>A. C.</i>.....	.....
CONN...	Rockville National Bank, Rockville.	C. B. Berger, <i>and A. Cas.</i>.....	.....
"	" .. First Nat. B., South Norwalk.	D. L. Holden, <i>P.</i>	M. Sheldon.
"	" .. First Nat. Bank, Wallingford.	H. L. Holden, <i>Act'g. C.</i>.....	.....
DAK....	First National Bank, De Smet.	Wm. Story, <i>P.</i>	T. A. Davis.
IDAHO..	First National Bank, Boise City.	Chas. F. Painter, <i>V. P.</i>	C. Laforgue.
ILL....	First National Bank, Charleston.	Geo. Maxwell, <i>P.</i>	C. Winchel.
"	" .. North Western N. B., Chicago.	J. N. Stickney, <i>V. P.</i>	Geo. Maxwell.
"	" .. Park National Bank, Chicago.	Dudley P. Ely, <i>P.</i>	E. K. Lockwood.
"	" .. First National Bank, Marengo.	W. J. Leavenworth, <i>V. P.</i>	G. W. Hull.
"	" .. First National Bank, Peoria.	E. P. Nash, <i>V. P.</i>.....	.....
"	" .. Farmers Nat. Bank, Perkin.	I. L. Noggle, <i>Cas.</i>.....	.....
"	" .. Peoria National Bank, Peoria.	E. J. Imus, <i>Ass't Cas.</i>.....	.....
"	" .. Third Nat. Bank, Rockford.	C. W. Moore, <i>P.</i>	John Lemp.
"	" .. First National Bank, Wenona.	A. G. Redway, <i>Cas.</i>	John Huntton.
IND....	First Nat. Bank, Lebanon.	W. M. Chambers, Jr., <i>P.</i>	Louis Monroe.
"	" .. First Nat. Bank, Madison.	Louis Monroe, <i>V. P.</i>	W. M. Chambers Jr.
"	" .. Citizens Nat. Bank, Peru.	F. W. Gookin, <i>Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	M. T. Roberts, <i>V. P.</i>	J. N. Witherell.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Fred. C. Bell, <i>Ass't Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	G. V. Wells, <i>V. P.</i>	O. P. Rogers.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Daniel Etnyre, <i>P.</i>	Isaac Rice
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Isaac Rice, <i>V. P.</i>	Daniel Etnyre.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	C. H. Turner, <i>Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	R. A. Culter, <i>Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	C. C. Lines, <i>Ass't Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	P. A. Peterson, <i>V. P.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	J. W. H. Hodge, <i>Cas.</i>	Chas. H. Fowler.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Jessie Lane, <i>Ass't Cas.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Edward Kampe, <i>V. P.</i>	Thomas Graham.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	R. F. Donaldson, <i>V. P.</i>	John T. Stevens.
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	G. R. Chamberlain, <i>A. C.</i>.....	.....
"	" .. First Nat. Bank, Vigo Co. Nat. B., Terre Haute.	Willard Kidder, <i>V. P.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected</i>	<i>In place of.</i>
IOWA ..	First Nat. Bank, Burlington...	John G. Foote, <i>V. P.</i>	G. C. Lanman.
"	Merchants Nat. Bank, Clinton.	E. S. Bailey, <i>P.</i>	B. H. A. Henningsen.
"	First National Bank, Ida Grove.	E. M. Donaldson, <i>P.</i>	H. M. Whinery.
"	First Nat. Bank, Mt. Pleasant.	Edwin Coles, <i>Cas.</i>	E. M. Donaldson.
"	Iowa Nat. Bank, Ottumwa....	H. M. Whinery, <i>A. Cas.</i> ..	Edwin Coles.
"	First Nat. Bank, Sigourney....	Chas. Snider, <i>V. P.</i>	
KAN ..	First National Bank, Belleville.	T. H. Eaton, <i>Cas.</i>	John W. Edgerly.
"	First National Bank, Garnett.	J. R. Mackey, <i>Cas.</i>	J. T. Webber.
"	Howard State Bank, Howard.	J. F. Stutesman, <i>Cas.</i>	E. H. Ambler.
"	First National Bank, Lyons.	John R. Foster, <i>P.</i>	W. H. Conover.
"	First National Bank, Saline.	Ed. L. Foster, <i>Cas.</i>	John R. Foster.
KY.....	Covington City N. B., Covington.	Geo. H. Thompson, <i>Cas.</i> ..	A. W. Kirby.
"	Citizens Nat. Bank, Lancaster.	A. W. Kirby, <i>Ass't Cas.</i> ..	Geo. H. Thompson.
"	N. B. of Union Co., Morganfield.	Joseph A. Blair, <i>P.</i>	J. R. Bell.
LA.....	J. B. Watkins Banking Co., Lake Charles.	C. E. McBroom, <i>A. Cas.</i> ..	
ME.....	Granite National Bank, Augusta.	J. D. Wellington, <i>Cas.</i>	M. D. Teague.
MD.....	Nat. Exchange B'nk, Baltimore.	Frank R. Spier, <i>A. Cas.</i> ..	Thos. H. Davis.
"	Veazie Nat. Bank, Bangor....	O. P. Tucker, <i>Ass't Cas.</i> ..	
"	Easton Nat. Bank of Md., Easton.	R. F. Hudson, <i>Cas.</i>	Jos. P. Sandifer.
"	Hallowell Nat. B., Hallowell..	M. R. Waller, <i>V. P.</i>	
MASS...	Nat. Bank of Redemption, Boston.	E. B. Miller, <i>Cas.</i>	F. H. McCann.
"	National City Bank, Boston.	James W. Bradbury, <i>V. P.</i> ..	
"	Manufacturers N. B., Boston.	Asa W. Hedge, <i>A. Cas.</i>	
"	N. Commonwealth B., Boston.	John E. Hurst, <i>V. P.</i>	J. P. Neer.
"	Shoe & Leather N. B., Boston.	A. B. Taylor, <i>Cas.</i>	
"	Wachusett Nat. B., Fitchburg.	Robt. B. Dixon, <i>P.</i>	I. L. Adkins.
"	Nat. B. of Methuen, Methuen.	M. M. Dawson, <i>V. P.</i>	Robt. B. Dixon.
"	First National Bank, Webster.	W. H. Perry, <i>Cas.</i>	A. D. Knight.
"	First Nat. Bank, Westborough.	James B. Chase, <i>P.</i>	W. D. Forbes.
"	Citizens National Bank, Worcester.	T. King, <i>V. P.</i>	
MICH...	First National Bank, Escanaba.	Wm. R. Dupee, <i>P.</i>	Arthur Burnham.
"	Grand Rapids National Bank, Grand Rapids.	Weston Lewis, <i>P.</i>	Chester Guild.
"	Second National Bank, Owosso.	Wm. A. Tower, <i>V. P.</i>	
"	First Nat. Bank, Beatrice....	James C. Elms, <i>P.</i>	
"	Farmers & Merchants N. B., Fremont.	W. G. Corey, <i>Ass't Cas.</i> ..	
"	First National Bank, Kearney..	D. W. Tenney, <i>P.</i>	James Walton.
"	First National Bank, Omaha..	Josiah Perry, <i>V. P.</i>	
"	York National Bank, York....	W. A. Reed, <i>Ass't Cas.</i> ..	
N. H....	Souhegan Nat. Bank, Milford.	Samuel Winslow, <i>P.</i>	B. W. Childs.
"	Indian Head National Bank, Nashua.	Geo. A. Smith, <i>A. Cas.</i>	
N. J....	Asbury Park National Bank, Asbury Park.	F. H. Cleve, <i>V. P.</i>	
"	First Nat. Bank, Appleton City.	Nathan B. Brisbin, <i>Cas.</i> ..	Wm. Widdecomb.
"	Midland National Bank, Kansas City.	F. M. Davis, <i>Ass't Cas.</i> ..	Nathan B. Brisbin.
"	First Nat. Bank, Burlington.	Jacob Seligman, <i>P.</i>	A. T. Nichols.
"	First Nat. Bank, Beatrice....	James Osburn, <i>V. P.</i>	J. Seligman.
"	Farmers & Merchants N. B., Fremont.	A. D. Whipple, <i>Cas.</i>	E. M. Miller.
"	First National Bank, Kearney..	T. B. Walker, <i>P.</i>	C. H. Chadbourn.
"	First National Bank, Omaha..	F. Egger, Jr., <i>Ass't Cas.</i> ..	
"	York National Bank, York....	Witten McDonald, <i>P.</i>	
"	Souhegan Nat. Bank, Milford.	A. W. Armour, <i>V. P.</i>	
"	Indian Head National Bank, Nashua.	W. H. Winants, <i>Cas.</i>	
"	Asbury Park National Bank, Asbury Park.	L. E. Prindle, <i>Ass't Cas.</i> ..	
"	First Nat. Bank, Appleton City.	James T. Wood, <i>Cas.</i>	D. E. Folsom.
"	Midland National Bank, Kansas City.	H. W. Parker, <i>V. P.</i>	
"	First Nat. Bank, Beatrice....	C. H. Toncray, <i>V. P.</i>	
"	Farmers & Merchants N. B., Fremont.	Wm. E. Smailes, <i>Cas.</i>	C. H. Toncray.
"	First National Bank, Kearney..	C. F. Dodge, <i>Ass't Cas.</i> ..	
"	First National Bank, Omaha..	W. F. R. Mills, <i>V. P.</i>	
"	York National Bank, York....	H. E. Gates, <i>2nd A. Cas.</i> ..	
"	Souhegan Nat. Bank, Milford.	Lee Love, <i>Cas.</i>	
"	Indian Head National Bank, Nashua.	John McLane, <i>V. P.</i>	John Marvell.
"	Asbury Park National Bank, Asbury Park.	C. H. Campbell, <i>P.</i>	Geo. Stark.
"	First Nat. Bank, Appleton City.	D. A. Gregg, <i>V. P.</i>	
"	Farmers & Merchants N. B., Fremont.	Geo. W. Byram, <i>P.</i>	John A. Githens.
"	First National Bank, Kearney..	Stephen T. Willets, <i>V. P.</i> ..	Geo. W. Byram.
"	First National Bank, Omaha..	Geo. F. Kroehl, <i>P.</i>	Henry C. Winsor.
"	York National Bank, York....	I. Boyd Nixon, <i>V. P.</i>	Chas. E. Elmer.

	<i>Bank and Place</i>	<i>Elected.</i>	<i>In place of</i>
N. J....	Hunterdon Co. Nat. Bank, { Flemington. }	Judiah Higgins, <i>P.</i> David Van Fleet, <i>V. P.</i>	J. C. Hopewell. W. P. Emery.
N. Y...	National City Bank, { Brooklyn. }	Chas. T. Young, <i>V. P.</i> David L. Harris, <i>Cas.</i>	Wm. M. Thomas. Chas. T. Young.
"	Carthage Nat. B., Carthage....	James Pringle, <i>V. P.</i>	O. Holcomb.
"	City Nat. Bank, Jamestown....	Willis Tew, <i>V. P.</i>	H. H. Gifford.
"	Nat. Exch. Bank, Lockport....	C. M. Van Valkenburgh, <i>V. P.</i>	F. P.
"	Farmers Nat. Bank, Malone....	C. J. Lawrence, <i>V. P.</i>	C. L. Hubbard.
"	First National Bank, Olean....	C. D. Judd, <i>Ass't Cas.</i>.....	.....
"	First Nat. Bank, Penn Yan....	A. W. Kendall, <i>Ass't C.</i>	Chas. Young.
"	First Nat. Bank, Syracuse....	E. B. Judson, Jr., <i>V. P.</i>	John Crouse.
"	Third National Bank, { Syracuse. }	Lucius Gleason, <i>F.</i> Wm. K. Niver, <i>V. P.</i>	Geo. P. Hier. Lucius Gleason.
"	Nat. Union Bank, Watertown.	Henry Lacy, <i>Cas.</i>	G. S. Leonard.
"	Merchants National Bank, { Whitehall. }	A. H. Sawyer, <i>P.</i> I. M. Guy, <i>V. P.</i>	Gilderoy Lord. L. J. N. Stark.
"		D. C. Smith, <i>Cas.</i>	I. M. Guy.
N. C....	Com. Nat. Bank, Charlotte.	J. S. Spencer, <i>P.</i>	L. S. Holt.
"	Concord Nat. Bank, Concord..	D. F. Cannon, <i>V. P.</i>.....	.....
"	N. B. of High Point, High P..	E. M. Armfield, <i>Cas.</i>.....	.....
"	N. B. of New Berne, New Berne.	James A. Bryan, <i>P.</i>	John Hughes.
OHIO...	Ross Co. Nat. B., Chillicothe..	C. W. Story, <i>V. P.</i>.....	.....
"	Cleveland National Bank, { Cleveland. }	H. Tiedeman, <i>V. P.</i> H. E. Green, <i>Ass't Cas.</i>	James Pannell. F. A. Mehling.
"	First Nat. Bank, Cleveland....	Solon Burgess, <i>V. P.</i>	Edward Bingham.
"	Mercantile Nat. B., Cleveland.	L. A. Murfey, <i>Ass't Cas.</i>.....	.....
"	National City Bank, { Cleveland. }	John T. Whitelaw, <i>P.</i> E. R. Date, <i>Cas.</i>	W. R. Southworth. John F. Whitelaw.
"	Fourth Nat. Bank, Columbus..	J. W. Bradshaw, <i>Cas.</i>	W. Stewart.
"	Defiance Nat. Bank, Defiance.	Jos. Ralston, <i>V. P.</i>	J. P. Ottley.
"	Merchants National Bank, { Defiance. }	C. P. Harley, <i>P.</i> John Crave, <i>V. P.</i>	Wm. C. Holgate. Chas. E. Slocum.
"	First Nat. Bank, Felicity.....	W. P. South, <i>V. P.</i>	John G. Prather.
"	Citizens Nat. Bank, Galion....	D. Batchelder, <i>V. P.</i>	A. Long.
"	First Nat. Bank, Germantown..	E. C. Oblinger, <i>A. Cas.</i>.....	.....
"	Kenton Nat. Bank, Kenton....	James Young, <i>V. P.</i>.....	.....
"	Farmers Nat. Bank, Mansfield..	H. R. Smith, <i>V. P.</i>.....	.....
"	Moss National Bank, { Sandusky. }	J. O. Moss, <i>P.</i> H. O. Moss, <i>V. P.</i>	Augustus H. Moss.*
"		A. C. Moss, <i>2nd V. P.</i>.....	.....
"		Chas. H. Moss, <i>Cas.</i>	H. O. Moss.
"	First Nat. Bank, South Paris..	A. Musselman, <i>V. P.</i>	H. M. Black.
"	First Nat. Bank, Toledo.....	S. D. Carr, <i>V. P.</i>.....	.....
"	Second Nat. Bank, Toledo....	D. V. R. Manley, <i>A. Cas.</i>.....	.....
"	First Nat. Bank, Youngstown..	Wm. H. Baldwin, <i>V. P.</i>	Sheldon Newton.
PENN...	Monongahela N. B., Brownsville.	Gibson Bemis, <i>P.</i>.....	.....
"	Burgettstown N. B., Burgettst'wn	John J. Carothers, <i>V. P.</i>	W. L. Archer.
"	Marine National Bank, { Erie. }	C. E. Gunnison, <i>Cas.</i> Harry Gunnison, <i>A. Cas.</i>	C. E. Gunnison. P. Holdeman.
"	First National Bank, { Marietta. }	E. P. Lindemuth, <i>Cas.</i> Geo. F. Tyler, <i>P. (pro tem)</i>	Amos Bowman. S. F. Tyler.
"	Fourth St. N. B., Philadelphia.	S. Caldwell, Jr., <i>V. P.</i>.....	.....
"	Girard Nat. B., Philadelphia...	Theo. M. Delancy, <i>P.</i>	Robt. Dorman.
"	Kensington National Bank, { Philadelphia. }	Henry McConnell, <i>Cas.</i>	G. A. Linton.
"	Penn. Nat. Bank, Philadelphia.	H. G. Clifton, <i>Cas.</i>	John D. Brown.
"	Seventh Nat. B., Philadelphia..	H. H. Paul, <i>Cas.</i>	Paul Brown.
"	Third Nat. Bank, Philadelphia.	Thos. J. Budd, <i>Cas.</i>	Fred H. Souder.
"	First Nat. B., Punxsutawney..	J. E. Pantall, <i>Ass't Cas.</i>.....	.....
"	First Nat. Bank, Saltsburg....	John M. Stewart, <i>V. P.</i>	S. Waddle, Sr.
"	First Nat. Bank, Shamoken....	John Mullen, <i>V. P.</i>	A. Fulton.
"	First Nat. Bank, Towanda....	Chas. L. Tracy, <i>P.</i>	Joseph Powell.
"	First Nat. Bank, Wrightsville..	H. C. Lewis, <i>Cas.</i>	G. K. Schenberger.
R. I....	Nat. Warren Bank, Warren....	C. W. Greene, <i>Cas.</i>	H. W. Eddy.
S. C....	Nat. B. of Abbeville, Abbeville.	J. Allen Smith, <i>P.</i>	A. B. Wardlaw.
"	Central Nat. Bank, Columbia..	James Woodrow, <i>P.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
TENN.	Cleveland Nat. B., Cleveland..	J. H. Craigmiles, P.....	
"	City Nat. Bank, Knoxville....	Edward Henegar, A. C....	
"	Third Nat. Bank, Knoxville....	F. W. Armstrong, Cas....	H. B. Banner.
"	N.B. of McMinnville, McMinnville	W. H. Magness, V. P....	
"	Peoples National Bank, McMinnville. }	J. F. Morford, P.....	Sam'l L. Colville.
"	First Nat. Bank, Morristown...	C. Coffee, V. P.....	J. F. Morford.
"	First N. B., South Pittsburg...	F. Colville, Cas.	C. Coffee.
"	Corsicana National Bank, (	D. W. C. Senter, V. P....	R. L. Grant.
TEXAS.	Corsicana.)	Geo. E. Downing, V. P....	W. M. Duncan.
"	Fourth Nat. Bank, Dallas.....	E. W. Johnson, V. P....	
UTAH.	Thatcher Bros. Banking Co., (	C. W. Jester, 2nd V. P....	
"	Logan City.)	T. J. Oliver, P.....	
VT.	Merch. Nat. Bank, Burlington..	G. W. Thatcher, M'gr..	
"	Factory Point Nat. Bank, (	H. E. Hatch, Cas.....	
"	Manchester.)	T. E. Wales, V. P.....	Geo. Morton..
"	First Nat. Bank, Springfield...	A. L. Graves, P.....	
VA.	Planters National Bank, (	D. S. Wilson, V. P....	A. L. Graves.
"	Danville.)	W. H. Tinker, Ass't Cas. W. D. Woolson.	
"	Bank of Commerce, Norfolk...	W. P. Bethell, P.....	W. F. Cheek.
WASH.	First Nat. Bank, Snohomish...	W. F. Cheek, V. P.....	W. F. Bethell.
W. VA.	Wellsburg National Bank, (	Geo. W. Wilson, Cas....	W. S. Wilkinson.*
"	Wellsburg.)	H. C. Comegys, V. P....	Isaac Cathcart.
"	"	John C. Palmer, P.....	W. K. Pendleton.
"	"	D. F. Jacob, V. P.....	John C. Palmer.
"	"	E. W. Paxton, Cas.....	J. S. Beall.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from January No., page 559.)

3955	First National Bank.....	Isaac Everitt, Nanticoke, Pa.	Harry D. Flanagan, \$75,000
3956	Baker-Boyer National Bank....	John F. Boyer, Walla Walla, Wash.	Herbert E. Johnston, 150,000
3957	First National Bank.....	Stephen Peery, Trenton, Mo.	Chas. E. Ford, 50,000
3958	City National Bank.....	F. G. Keens, Kearney, Neb.	J. S. Adair, 100,000
3959	First National Bank.....	E. E. Kimball, Nevada, Mo.	F. E. Carr, 100,000
3960	First National Bank.....	Chas. E. West, Albion, Neb.	F. S. Thompson, 60,000
3961	South Bethlehem Nat. Bank...	Wm. Rothrock, South Bethlehem, Pa.	J. B. McCamaut, 50,000
3962	First National Bank.....	R. J. Whitney, Litchfield, Ill.	Eli Miller, 50,000
3963	First National Bank.....	J. O. Johnston, Erie, Kan.	W. P. Hazen, 50,000
3964	Thomaston National Bank....	Arthur J. Hine, Thomaston, Conn.	Fred. I. Roberts, 50,000
3965	First National Bank.....	Wm. L. Hoge, Anaconda, Mont.	Wm. M. Thornton, 100,000
3966	First National Bank.....	John W. Shute, Hillsboro, Ore.	J. D. Merryman, 50,000
3967	Citizens National Bank.....	Thos. W. Woollen, Franklin, Ind.	John W. Ragsdale, 50,000
3968	Iowa State National Bank....	D. T. Gilman, Sioux City, Iowa.	R. S. Van Keuren, 100,000
3969	First National Bank.....	O. A. Kentner, Carroll, Iowa.	R. G. Smith, 50,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Continued from January No., page 559.)

- CONN... Thomaston Seth E. Thomas, succeeded by Thomaston National Bank.
- ILL.... Litchfield..... S. M. Grubbs & Co., succeeded by First National Bank.
- " .. Sheffield..... Boyden & Dewey, succeeded by A. W. Boyden & Son.
- IND.... Clear Lake..... Clear Lake Bank, reported closed.
- " .. Poseyville. V. P. Bozeman & Co., now Bozeman-Waters Banking Co., same officers and correspondents.
- IOWA... Dunlap..... Exchange Bank, reported failed.
- " .. Hull..... Baumann Bros., succeeded by Iowa State Bank.
- KAN.... Erie..... Farmers & Merchants Bank, succeeded by First National Bank, same officers.
- " .. Kingman..... Citizens National Bank, succeeded by Citizens Bank, same officers and correspondents.
- MICH... Ionia..... Second National Bank has gone into voluntary liquidation, and succeeded by Webber Bros.
- " .. Marquette. Knapp & Joslin, now J. V. Knapp.
- MO..... Kansas City... Armour Bros. Banking Co. has been succeeded by Midland National Bank.
- NEB... Albion..... Albion State Bank and Boone County Bank have been succeeded by First National Bank.
- " .. O'Neil..... Elkhorn Valley Bank (McClure, Hagerty & Gardiner,) now McGreevy & Hagerty, proprietors.
- N. Y. .. Far Rockaway. Wallace, Smith & Co., succeeded by the Far Rockaway Bank.
- " .. Johnstown..... First National Bank has gone into voluntary liquidation, succeeded by Peoples Bank, same correspondents.
- OHIO... Canal Fulton.. Fulton Bank (A. J. Kittinger), succeeded by the Exchange Bank.
- PENN... York..... Banking House of C. Weiser & Son, have sold out.
- R. I.... Pawtucket. Pacific National Bank, of North Providence, now Pacific National Bank of Pawtucket.
- TEXAS.. Waco The title of the Waco National Bank, has been changed to First National Bank. The management remains unchanged.
- UTAH.. Logan City.... Thatcher Bros. & Co., now Thatcher Bros. Banking Co.
- WASH. Walla Walla... Baker & Boyer have been succeeded by the Baker-Boyer National Bank.

DEATHS.

WILKINSON.—On December 17, aged fifty-six years, WILLIAM S. WILKINSON, Cashier of Bank of Commerce, Norfolk, Va.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, JANUARY, 1889.

Opening, Highest, Lowest and Closing Prices
of Stocks and Bonds in January.

GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
	Interest.	Open- ing.	High- est.		Open- ing.	High- est.	Low- est.		Open- ing.	High- est.	Low- est.
4½s, 1891..... reg.	Mar.	108½	109	Col., H. Valley & Tol.	—	26½	25	Norfolk & Western.....	—	17½	16½
4s, 1891..... comp.	Mar.	108½	109	Col. & H. C. & L.....	21	21	19	Do Do	50½	52½	49½
4s, 1907..... reg.	Jan.	120½	121	Del. & Hudson.....	132	132½	130½	Do Do	25½	26½	25
4s, 1907..... comp.	Jan.	120½	121	Den., Lack. & W.....	144½	144½	139½	Do Do	60½	61	59
6s, cur cy, 1893, reg.	Quarterly	126½	128	Den. & Rio Grande.....	—	—	—	Ohio & Mississippi.....	22½	22½	21
6s, cur cy, 1896, reg.	Feb.	119	120	Do Do	—	—	—	Ohio Southern.....	12½	12½	11
6s, cur cy, 1897, reg.	Jan.	122	123	East Tenn. V & G.....	9½	9½	8½	Oregon Imp't.....	—	72	69
6s, cur cy, 1897, reg.	Jan.	125	125½	Do Do	—	—	—	Oregon R. & N.....	92½	93½	91
6s, cur cy, 1898, reg.	Jan.	127½	128½	Do Do	—	—	—	Oregon Short Line.....	—	44	43½
6s, cur cy, 1899, reg.	July.	130	131½	Fort Worth & Texas C.....	21½	21½	20	Oregon & Trans-Con.....	31½	31½	30½
				Houston & Texas C.....	21½	21½	20	Pacific Mail.....	37	37½	35½
				Illinois Central.....	115	115½	113	Peoria, Decatur & Evansville	49½	49½	47½
				Indiana, Bloom. & Western.	103	103½	101½	Philadelphia & Reading.....	25½	25½	24½
				Lake Erie and Western.....	104½	104½	101½	Pullman Palace Car Co.....	199	199	197½
				Do Do	104½	104½	101½	Rich. & W. P. Term.....	103½	103½	102½
				Lake Shore.....	93	93	90½	Rome, W. & Ogd.....	47	47	44½
				Long Island.....	57½	57½	56½	St. Louis, A. & T. H.....	—	—	—
				Louisville, N. Alb. & Chic.	—	—	—	Do Do	—	—	—
				Manhattan Consol.....	—	—	—	St. Louis & San Francisco.....	66½	66½	61
				Marq. H. & O.....	—	—	—	Do Do	113½	114½	110½
				Do Do	—	—	—	St. Paul & Duluth.....	—	—	—
				Memphis & Charleston.....	87½	88½	84½	Do Do	—	—	—
				Michigan Central.....	—	—	—	St. Paul, M. & M.....	—	—	—
				Min., L. S. & W.....	—	—	—	Southern Pacific Co.....	—	—	—
				Do Do	—	—	—	Tenn. Coal & Iron.....	35½	35½	31
				Min. & St. Louis.....	—	—	—	Texas & Pacific.....	22½	23	19½
				Do Do	—	—	—	Union Pacific.....	64½	65½	64½
				Mo., Kan. & Texas.....	—	—	—	Virginia Midland.....	—	—	—
				Missouri Pacific.....	109½	109½	107½	Wabash, St. Louis & Pacific.	—	—	—
				Naah., C. & St. L.....	108	108½	107½	Do Do	—	—	—
				N. Y. C. & Hudson.....	107½	107½	106½	MISCELLANEOUS—	144½	148	144½
				N. Y. C. & St. L.....	107½	107½	106½	Express—Adams.....	113	113	109
				Do Do	—	—	—	American.....	—	—	—
				N. Y. L. E. & W.....	37½	37½	36½	United States.....	—	—	—
				Do Do	—	—	—	Wells-Fargo.....	—	—	—
				N. Y. & New Eng.....	45½	45½	42½	Western Union.....	83½	83½	81
				N. Y., Ont. & W.....	15½	15½	14½	Silver Bullion Cert.....	—	—	—
				Do Do	—	—	—				

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XLIII.

MARCH, 1889.

No. 9.

THE TREASURY, RETROSPECTIVE AND PROSPECT-
IVE.

Another four years has come around and the work of the two gentlemen who have filled the Treasury office during that period may be briefly reviewed. The first appointee, Mr. Manning, was not regarded with favor very generally, for he had been chiefly distinguished as a politician, and it was not supposed that he possessed any aptitude for finance. For many years he had been chiefly occupied with editing a newspaper and conducting the politics of his party in his State. It is true that he had been at the head of a bank, but, like many other banks in the country, its business had been conducted chiefly through its cashier, and therefore he had not developed, even as a bank president, any special fitness for dealing with money matters. Indeed, the appointment was purely an experiment, yet he soon showed adequate capacity for the place. It may be said in justification of the appointment that most of his predecessors had had no special schooling in finance. It is remarkable how very few of them had ever been known, previous to their appointment, as possessing special qualifications for the place. The most distinguished of the many Secretaries of the Treasury is the first, Alexander Hamilton, who, in many respects, is one of the most extraordinary men our country has seen. He was great as a politician, soldier, lawyer, statesman and financier. But previous to accepting the Treasury portfolio he had had no practical acquaintance with financial matters,

and he was doubtless appointed by Washington for two reasons: first, because he had shown extraordinary capacity in other ways; and secondly, because in a public communication to Robert Morris, respecting the public debt, he had impressed him as possessing greater financial sagacity than any other man of the time. Morris was consulted by Washington, and doubtless his opinions had no little weight with the President. Hamilton was succeeded by Oliver Wolcott, who had previously served as Auditor of the Treasury. He was simply a prudent, safe man, without any special abilities of any sort to commend him. Dexter, the Secretary of War, filled the remaining months of Adams' term, and then Gallatin, who served for a longer period than any other man who has ever held the office, succeeded him. Gallatin had distinguished himself in the house in the discussion of financial measures. He had written several pamphlets which displayed a keen insight into the financial questions of the day, and he was unquestionably the best man in his party for the office. After he resigned, during Madison's term, there was a most dismal period of financial mismanagement under Jones and Campbell, neither of whom possessed any financial ability whatever. They were succeeded by a Philadelphia lawyer, Dallas, who had never had the smallest financial training, but who immediately displayed wonderful vigor; and in his short administration of a few months he rescued the department from the chaos into which it had fallen, and re-established the credit of the Government on a sound basis, which was maintained for many years. When Monroe became President in 1816, Crawford was put at the head of the department. Crawford was another man of the Manning type, who had never occupied a financial position or made any speeches indicating any special aptitude for finance; but he managed the department well during the eight years he was Secretary. But they were years of peace, and there were no trying questions for him to solve. He was succeeded by Rush, of Philadelphia, who was another innocent in finance, but who managed the department well enough during the four years that Adams was President. Then came McLean, Ingham, Duane, Taney and Woodbury, who served during the twelve years prior to Harrison's administration. None of them had ever had much to do with finance. The country was financially wrecked during Woodbury's time, yet this was due to no fault of his. During Tyler's troubled term there were three Secretaries of the Treasury, who were succeeded by Robert J. Walker, of Mississippi, who is one of the most noted, and chiefly for his famous report in advocacy of a lower tariff in 1845.

In short, we may say that all the later Secretaries preceding Mr. Manning, with the exception of Messrs. McCulloch and Sherman

were men who had not shown any special aptitude or liking for finance. And yet, for the most part, the country has been well served by the various occupants of that high office, and Mr. Manning, therefore, was simply another illustration in the long roll of Americans who have soon proved equal to the task imposed upon them. Mr. Manning's integrity was never questioned. He made but few changes when in office; his principal subordinates were well chosen, and but very little unfavorable criticism was ever passed on his administration. The same may be said of his successor, Mr. Fairchild. He has been honest, high-minded and pains-taking; and there has not been a breath of scandal or suspicion of unfair or dishonest dealing in the Treasury Department during the years he has filled the office. We rejoice that there are men in our country who are capable of filling these high places so well, and who administer their offices as trusts, and who delight in so administering them as to secure the commendation of the people. At all times they have believed in his integrity, and in his prudent management. It is true that he has had no troublesome questions. The revenue has been more than sufficient to pay the expenses of the Government, and if he has had any anxiety at all, it has been to know what to do with his abundant revenue; a state of things very different from that which faces most of the Treasury Ministers of the Old World Governments. While they are puzzling their brains for the most part to know how to balance their budgets, Mr. Fairchild has puzzled his, if at all, to know what to do with the large surplus at his command.

Mr. Windom, who succeeds Mr. Fairchild, is an exception to most of his predecessors, for he is not an untried man. Like Mr. Sherman, his familiarity with financial matters is well known. He had served in President Garfield's cabinet long enough to test his fitness for the place; and the business interests of the country will feel perfectly safe under his wise and judicious guidance. The people well know that he is a faithful man, not caring to do brilliant or wonderful things, but to administer the law in its spirit. With perfect honesty of intention, the President could not, in the whole range of existing possibilities, in our judgment, have made a wiser selection. Of course there may be political reasons why some other appointment might have been stronger than this, but with respect to his fitness for the place, as possessing a knowledge of the details of the business, of the law governing the department, of the existing revenue legislation, and of all other matters of a kindred nature, it is not too much to say that Mr. Windom is probably as familiar with these matters, if not more so, than any other man, unless it be Senator Sherman, in our country. We rejoice that the Treasury Department has been put into his

wise hands; and for the next four years the people will be assured that no blunder or wrong-doing is likely to be committed in that department.

WHAT IS THE MATTER WITH BUSINESS?

One of the strongest characteristics of the modern age is the minute subdivision of employments, every individual depending largely for the satisfaction of his wants on the efforts of others. Our wants, too, have multiplied, and this is regarded as a mark of higher civilization. There are those who sigh for the good old times when man's wants were few and were easily satisfied, and who believe that those were happier days than ours, but we are sure that not many would return to the former condition of things if they could.

By thus dividing employments we are able, of course, to economize largely in skill and labor. Men learn to perform a particular process with greater skill and in shorter time than they can a number of processes. A man, for example, can quickly learn to make one of the parts of a watch, while only a highly skillful man could ever learn to make all the parts of a complete instrument. A true economy leads the shoemaker, for example, to make shoes simply, and to exchange with the baker and furniture maker. If this economy could be measured by labor, it would be very great. In other words, if each man were to try to satisfy all of his wants by direct individual effort, he would utterly fail to satisfy the most of them, and the world in general would relapse into darkness. Of the truth of this there can be no question.

One of the less obvious, though no less real results, attending this change is the dependence of every man on his fellow-men for the satisfaction of his wants and the utmost confidence that they will be satisfied in this manner. Indeed, we all work with so much confidence of exchanging whatever we have to sell for other things we need, that the possibility of failure in this regard is never entertained. The manufacturer of cotton goods, for example, is confident that he can exchange his product for money and with that satisfy all of his desires, however extended they may be. The cotton operative takes his daily earnings from the manufacturer with the same confidence that he can go to the grocer and dry goods dealer and with the money thus obtained supply all his wants until his money is spent. The thought of failure to effect an exchange is never present, except when the things desired do not exist.

This dependence on others and serene confidence that our wants can be satisfied through exchange with them is one of the clearest proofs of the high civilization to which mankind has attained. If this were broken, or if money, which serves as the medium of exchange, failed to perform its work, to bring to the working-man his groceries, clothing, house, and and other necessities, his condition would be wonderfully changed. But he is certain that no such accident will befall him, and so he works from day to day, taking his employer's money and feeling confident that in due time he can satisfy most of his wants with it.

By thus specializing human industry, by thus devoting our skill to a single process or product, society has become marvelously complicated in the work of production. Simple as society may seem to be from one point of view, as a productive organization it is highly elaborated. As a watch contains many pieces, each of which is needful to produce the desired result, so society, through the division of employments and the general dependence of one on another for the satisfaction of many of his wants, is complicated in the highest degree, and the tendency in many respects is toward greater complication. One of the consequences is, it is easier for the industrial organism to get into disorder than it was when it consisted of fewer parts. Derangement now always exists somewhere. At times this is widespread, at others it is local, and so slight as to be unnoticed. At present there are many signs of derangement and friction. Complaints are heard of small profits, of losing money, of bankruptcies, low rates of interest, declining dividends, and in a hundred ways the signs of unsatisfying returns to labor and capital are manifest.

We are now prepared to ask the question, If there be a real economy in producing one or two things and of exchanging the surplus of these for other things that we need, either directly or through the medium of money, why should so much derangement exist in society? Why, if there be a real economy or profit in thus exchanging, should there be so many failures and bankruptcies? Why so much competition and monopoly and ill-feeling among producers? If each is rendering a real service to the others in thus producing and exchanging, why should not all have the spirit of brothers, and not the spirit of enemies? No greater question can be asked than this, and the answer we shall make, although very imperfect, is suggestive of much in the way of a completer answer.

One reason why so much derangement exists in thus exchanging is because some persons are not content with exchanging on a fair basis. They are eager to get more than their share. If, for example, a shoemaker can make a pair of shoes a day and another

man of equal skill can make a chair in the same time, and each of them, desiring the product of the other, should seek to exchange on equal terms, there ought to be no occasion, by reason of such exchange, for ill-feeling. Each has toiled a day for the thing he gives in exchange for the thing he desires, and each should be happy in the exchange, because, if he attempted to make the thing directly, by his own effort, it would not be nearly so perfect, and would take perhaps several days longer than it did the other man to produce it. Thus he has gotten the thing in far less time than he could have produced it by a direct effort, and is, therefore, a real gainer by the exchange. One would say that, as between these individuals, a fair exchange would be product for product, and if the whole world exchanged on a similar basis there would be no more occasion for ill-will than between these two simple-minded folk. But, as said before, this is not the principle that prevails everywhere. There are those who want more than their fair share. There is the shoemaker who desires to get two chairs for his pair of shoes, and the men of this type, desiring to exchange on such terms, are the men who have caused many of the difficulties now existing. This is putting the question in the plainest possible way. Nevertheless, it is a perfectly correct diagnosis of the situation.

There are other causes leading to derangement. There are those who endeavor to sell the things they get for less than they are worth, less, perhaps, than the price for which they bought them. If this is continued, one can readily see that bankruptcy must follow, and if the seller has purchased on credit, then he has lost not simply his own money, but the money of others.

Then, too, excessive competition is one of the worst evils. This may spring from several sources. The man filled with the spirit of monopoly may see clearly enough that in order to have a monopoly it is needful to clear away all competition. So for a time he engages in competition, fierce and destructive, not because he really believes in competition as a permanent condition of trade, but to destroy competitors and thus be enabled to establish a monopoly. Thus, in one way and another the business of exchanging, which, fairly conducted, would be a blessing all around, causes vast suffering and loss as above described.

What shall be said in the way of a remedy for these things? One of the many answers is, monopoly. One can readily see that, by uniting several kinds of business under a single head, this friction, to some extent, disappears. If, for example, a great retail dealer like A. T. Stewart or John Wanamaker engages in the sale of a great variety of goods, the competition which formerly existed between different persons who sold those goods ceases,

with respect to those sold by a single person. The friction is wholly removed. There can be none within the lines of business thus absorbed. It must be wholly without, around the circumference. The obvious advantage from removing this friction is so great that many welcome the enlargements of business, because they see clearly enough that in the end lower prices are established, better goods perhaps are produced or guaranteed, and that a real economy is wrought to society. But this is certainly an incomplete remedy. There are millions of smaller exchangers, and the friction between them is growing greater every day. Competition is keener, never did more ill-blood exist between competitors than at present, and the business of exchange, which should be profitable, because a real advantage or good is performed, is turned into a loss, or into a profit so small as to be hardly worthy of the name. It is clear that this condition of things cannot go on always. It may be asked, Is not the remedy to be found, not in monopoly, but in the dropping out of the useless ones engaged in business? Possibly the answer, to some extent, may be found in this direction. If there were fewer, the business to be divided among them would, of course, be larger, which might be followed with an increase in profits, and thus all be satisfied. Can a remedy be found by returning to the ancient method of satisfying one's wants by direct effort? Surely not. Can a remedy be found by diminishing our wants and having fewer? No. Can a remedy be found by putting each person on a more equal plane of independence in producing and exchanging? If two men cannot conduct business on amicable terms when neither is strong in resources, it may be that they would conduct business on better terms if both possessed a great deal of power. Possibly the ill-feeling between them might be much stronger, but then each might have more respect for the ability and power of resistance of the other, and thus more willing to make terms than in the other case. In other words, there may be such a thing as an armed peace. This may be a surer guaranty than any existing now. The outlook for better times is certainly not promising. It may be a long way off. But it cannot be that mankind, thus dependent on each other for the satisfying of their wants, and profiting by specialized effort and exchange, will forever continue to suffer as they have of late years in production and exchange. Sooner or later, men will learn that any endeavor to get more than their fair share must, from the very nature of the existing industrial organism, produce derangement from which they, in turn, will suffer. This truth is impressed on us in a thousand ways; nevertheless men continue to imagine that they can be smarter than their fellows, and get and retain more than their proper share. The railroads have

given the latest exhibition of this truth on a stupendous scale. How many more lessons of this nature are needful before men will heed them?

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A REVIEW OF FINANCE AND BUSINESS.

A MONTH OF DULLNESS AND UNIMPORTANT EVENTS.

The last month of winter has been characterized by no important changes in the commercial or financial world, though there have been some unfavorable ones in the industrial situation. The railroad mountain has brought forth a mouse in the shape of the "gentlemen's agreement," after months of labor, it is true. But if this had any influence on financial affairs it had been, discounted in January, and the benefit intended thereby was all secured to the value of railroad properties, as represented by their securities in the stock market then. For, instead of an advance since the signing of that agreement, stocks have gone down, after a temporary spurt to sell, led by the Grangers, which was the very system intended to be most benefited thereby, and the one whose exigencies called for this heroic effort of the railroad money lenders and promoters. If further evidence is needed to show the futility of all artificial means, no matter how praiseworthy the end, to bridge over the financial necessities, caused by too much extension of facilities and credit during the past three years, time will no doubt furnish enough to satisfy the most sanguine believers in the efficacy of this agreement between gentlemen, of which we have heard so much in the past few months, and seen so little since it "went into force."

WHY NO RAILROAD TRUST CAN HOLD TOGETHER.

The object of the "gentlemen's agreement," however, has no doubt been accomplished, in part, and they were enabled to unload a portion of their heavy holdings on the public, on the belief that a combination or "railroad trust," as it has been called, would do for that interest what trusts have for manufacturing interests. But the conditions under which transportation interests exist, are so radically different that there is no controlling them by the same means as in the case of manufactured products. If there are too many mills the excess can be closed and expenses of operation stopped, and production curtailed, until demand shall overtake it and force prices up. But none of the railroads west of Chicago can be stopped, though there are from one-third to one-half greater facilities than there is business to do, and each road is bound to get all the business it can, in order to keep out of bankruptcy if

possible. Even were it not forbidden by the Interstate Law to pool their receipts, they could no more maintain rates under a "pooling arrangement" than under a "gentlemen's agreement." As the former was tried in vain, so the latter will be, for the evident reason that their debts and capitalization are not pooled as all manufacturing trusts are, and the necessity removed of each member of the pool looking out for its own individual solvency.

THE INTERSTATE LAW AND "AGREEMENT" BOTH DEAD LETTERS.

If the bankers who claim the credit of forcing the railroads into this last agreement have not foreseen this defect in their compact, they no doubt will, as the railroad presidents who would not go into it undoubtedly have, as well as those who did go in, because their financial necessities rendered them liable to have to borrow again, and hence compelled them to appear to submit to this pressure from those who represented the investing public. But the investors will find that they are leaning on a reed that, if not broken already, is liable to break at any moment. Indeed, there is no question of the violation of this agreement before it was made, while it was being made, and ever since it was made, both by the Granger roads and the Trunk lines, who are treating the Interstate Law as an equally dead letter.

EVIDENCES OF WHOLESALE RATE CUTTING

have been furnished here in New York, as well as at the West, in the movement of the new corn crop from the West to the seaboard and to Europe. At the schedule rates which are supposed to be in force and maintained, not a bushel of corn could have been brought from Missouri River points to the seaboard without a loss of 2c. to 3c. per 100 lbs. during the past month, at the prices current there and here. Yet there is an unusually heavy movement to New York and Baltimore from Nebraska. The Trunk lines, with laudable virtue, refused to share in the cut with the Granger roads west of Chicago, for the very good reason that they could get the business without, and because there was enough to go around. But the Granger roads were in no such independent position. The corn crop was their main dependence, with a short wheat crop, while their fixed charges were staring them in the face; and they could not wait till the opening of navigation by the lakes, as they used to do, for the bulk of the movement. Hence they went for this corn tonnage this winter, and the schedule of rates could not stop them. The difference of 2c. or 3c. per 100 lbs. was made up by hauling corn from Missouri River points to Mississippi River points for nothing, under the plea that otherwise they must haul "empty cars" from Nebraska, where they had "accumulated on West-bound traffic," back to Iowa, where "freight

had accumulated," and that they might as well haul them loaded with corn, for nothing. This was what they did, and then billed the corn from the Mississippi River to the East at schedule rates from that point.

In the meantime, the Trunk lines also found there was an "accumulation of corn" at Mississippi River points, chiefly at St. Louis and at Chicago, that could not be brought to the seaboard until the opening of lake navigation, except on a local cut rate. But to cut on this would be to throw away full rates on what the Granger roads were bringing them from west of Chicago direct, without going through that market. So they resorted to the old dodge of cutting through export rates in face of the Interstate Commission, which notified them last year that this was a violation of the law, and that hereafter they must add the ocean to the inland rate. This was first found out when exporters began buying corn in St. Louis and Chicago on through rates to Europe cheaper than they could buy it here, and lay it down on the other side, over the same inland and ocean routes, by all the ports. Over 600,000 bushels of corn were exported in this way about the middle of the month, when it could not have been done at schedule rates, as the Western corn markets were higher than the seaboard, with those rates added, instead of below, as they must have been cut, to make it an inducement to exporters to buy West instead of here. The amount that is coming and on the way from Nebraska at cut rates has been estimated as high as 3,000 cars or 2,000,000 bushels. But the fact is, all that comes east, from beyond Chicago, must come at cut rates, as well as all through shipments from the West to Europe, else neither could be moved at all.

THE LARGE EXPORT MOVEMENT OF CORN AND PROVISIONS.

It will therefore be seen that the large export movement of corn for the past month, if not for the winter, and doubtless that of provisions, and especially of lard, has been due, in good part, to the wholesale cutting of freight rates, both by the corn roads and the Trunk lines, one and all, for all the seaports have been getting this business, though Baltimore has had more than its share, because of a differential rate, in addition to the cut rate, it is claimed by the New York receivers of corn, who have lost their proportion thereby. Indeed, the exports of corn have been the largest so far this season for many years, if not in the history of the trade. At the same time we have had the largest exports of lard for two weeks in the past month known for years, being nearly 12,000,000 lbs. each. This has, no doubt, been stimulated in the same way as the shipments of corn have been, though

Europe has been a larger consumer of both so far this year than usual, because of smaller native supplies. The steady decline in prices of corn and hog products, both based upon the large corn crop, has also helped restore our former supremacy in both the British and Continental markets for corn and lard, though our meats are still shut out of most European countries.

THE WHEAT SITUATION AT HOME AND ABROAD.

But the wheat situation still remains problematic, and the most abnormal for years. We have practically exported no wheat on this crop from the Atlantic coast, except a few cargoes for macaroni to Portugal, and yet we are on the second half of the crop year. Chicago is still the pivotal market here, and is about 7c. per bushel, actually higher than New York for next May, when it should be at least 7c. below us, with lower lake freights next spring than last now expected, because of the dullness in the iron, ore, and coal, as well as the lumber trade, because of the open winter, and the cessation of railroad building. But stocks are decreasing in the Atlantic States at the rate of about three-quarters of a million bushels a week, and mills in the West finding it difficult, at interior points, to get enough wheat to run, are compelled to draw on primary markets instead of shipping to them, as usual at this season of the year. Receipts continue light, and the Bull combination in Chicago hold on to their line of 10,000,000 bushels long May wheat, which they are believed to own, as well as the stock of 3,600,000 contract wheat in that market, which amount has only increased 200,000 bushels in three months, because the bulk of the spring crop was either above the contract grade of No. 2, and held by the Northwestern mills for their own use to another crop, on account of its scarcity, or No. 3 wheat and below. Without export demand, therefore, the Bulls claim they will be able to force prices higher than they were last fall, on the home demand and short interest. On the other hand, they are not putting prices up, but rather appear to hold the market steady, in the hope that Europe will take all the wheat we can spare between February and July to carry her to new crop, as her own stocks have been running down rapidly since the new year, while the crops of exporting countries in the Southern hemisphere, which are available in June, and have supplied Europe of late years in summer, are not good, as a rule, and much smaller than the average of late years. This is true of India, Australia, Chili, and Argentine Republic, while Russia and California are the main reliance of Europe till another crop.

The statistical situation was never much stronger, and, unless that goes for nothing, and the longest-headed men in the wheat

and flour trade are the poorest informed, wheat is bound to do better before another crop, notwithstanding the prospects of the winter crop in California and the Mississippi valley are very good, as well as in England.

THE CONDITION OF THE FLOUR TRADE.

The flour trade is in much the same position as the wheat, based upon the short crop and poor quality of the wheat raised last year. Upon this the Northwestern Millers' Association, headed by the Minneapolis millers, bought up the choice No. 1 wheat raised in the Northwest last fall, in order to insure themselves enough wheat suitable for patent flour, to run them till another crop. This was done at the beginning of the crop year, so great was the damage to the spring wheat by frost last summer, and at high prices, in order to maintain the reputation for superiority of spring patent over winter flours. Since then these mills have held on to that wheat as tenaciously, on a decline of 25c. per bushel in Chicago, as they have to the heavy stocks of flour made last fall at equally high prices, and in which there has been a loss of from 50c. to \$1 per bbl. or more for the past three or four months, until recently they advanced with wheat, about 25c. to 50c. Never were such uniform strength and unity of action seen in a trade where there was no close combination, nor such unusual confidence in the outcome of the crop and in higher prices than last fall, when they advanced with wheat from \$1 to \$2 per bbl. For months there has been practically no export demand, except what has been going out on old contracts made last fall, while the home trade held off for the millers to give way till they had lighter stocks in second hands in this country than for years, until within two weeks, jobbers have bought more freely. At the same time stocks in Europe have been reduced until her markets are coming up to ours, after being 25c. to 75c. under us for three months. Spring patents here went up more than anything else last fall on the poor quality of spring wheat, until winter's were relatively lower, and of better quality, while spring's were poorer than usual. This has thrown trade on to winter's and off from spring's, which have accumulated, while the former are getting scarce, and are stronger than the latter, of which the second quality or Clears are so poor that neither bakers here or exporters will use them except at relatively less than their usual value. Of this kind there is a glut here while they will not keep in hot weather, and a break to the prices of low grades for shipping is expected before they can be moved. But otherwise the market is regarded in strong sound shape, with prices likely to go higher whether wheat does or not. The strength of the flour millers of the country was never more severely tested nor better sustained.

THE PROVISIONS MARKETS.

If the pork packers worked for the farmers or hog raisers and Eastern dealers a year ago, they have carried their point this year in face of greater apparent odds than last year. They started the winter packing season as Bears on hogs in face of the lightest stocks of provisions on record, and of the largest corn crop, with a good home demand for hog products and a fair export. The trade, or rather the speculators in the trade, looked for a repetition of last year, when the packers got short early in the season to the trade, at low prices, and were forced to buy and pack hogs at a loss all winter to fill their contracts, and hence could not get hogs down. This year the packers worked together, instead of against each other, either by common consent or by combination, and discouraged the trade from buying ahead of wants on prospect of lower prices with a larger hog crop following the enormous corn crop. At the same time they offered little actual stuff ahead of their current make, which was kept well sold up, while the packers sold the speculative articles down for the later deliveries of summer packing until they dragged down January, of which they were short, and the outsiders long, and compelled the latter to liquidate at a severe loss. This so demoralized them and gave the packers their old time prestige, increased by their combined instead of divided strength, that they became invincible, and carried the whole position. But they have lost money on every hog they have cut this winter, until about two weeks ago, with the exception of two days during this whole season. They are supposed, however, to have made up and more, those losses, by their profits on the short side of the market. Now they have a manufacturer's profit in the prices of hogs and products, and with good receipts of hogs during the spring, and accumulation of stocks, the packers are expected to change front, and turn Bull on their products when they shall have stocks large enough to pay for bulling them. But beef products have fallen into the worst Slough of Despond since the great decline of the past few years, and there seems to be nothing in prospect to pull them out at present.

RAILROAD BONDS AND MONEY.

While railroad stocks have been at the mercy of the signers of the gentlemen's agreement all the month, bonds have been active, strong and advancing on the second and even third classes, and there has been considerable speculation in the latter, inspired by the investment demand for the former. This was mostly home, though there was some foreign buying, but not enough to counterbalance foreign selling of stock, and in the absence of cotton bills and wheat or flour exports, some gold was

shipped in the middle of the month. This, however, has ceased, while money has continued abundant and easy, at 1 to 3 per cent. on call, with increasing bank reserves, until the latter part of the month, when they suddenly and unexpectedly fell quite sharply, owing to interior transfers, and causes which were regarded as temporary. The money market has been dull and easy, the slightly firmer tone early in the month having proved only temporary. Call money on stock collateral is in abundant supply at about 2 per cent., transactions being more often below than above that figure. In time money there is little doing, and rates are unchanged. It is said that houses having loans maturing are frequently paying off in preference to renewing even at the present very favorable market rates. Corporation loans for any important amount are very few in number, and to the best corporations 4 per cent. is shaded. Commercial paper continues in better supply, but the demand improves proportionately; so that the market presents as unsatisfactory an appearance as it has for some time past. A few fair lines of dry goods paper were reported to have been sold at $3\frac{1}{2}$ to 4 per cent. at the close of the month.

IRON, COAL AND COPPER.

The dullness in iron continues, and production is being curtailed with reduction in wages, while the coal trade has suffered from the mild weather until the last of the month, by which time stocks were so large that all the companies were still further curtailing production to avert a further break in prices. The copper market is growing more unsettled and feverish, with futures selling at a heavy discount on spot stock in anticipation of the collapse of the syndicate, which is the way the market for tin acted a year ago, before the syndicate in that collapsed. The visible supply of copper in Europe increased nearly 6,000 tons during the first half of February. The unsold stock there amounts now to the enormous sum of 115,429 tons. The greater portion is owned by the French syndicate, and represents an outlay of at least \$45,000,000, the incidental expenses on which are at the rate of about \$2,500,000 per annum. One year ago the visible supply was 42,662 tons. In the light of these facts, it is not surprising that confidence in the ability of the syndicate to maintain prices is gradually decreasing.

OTHER MARKETS.

Petroleum has advanced on shorts covering and a better export demand. Cotton has dragged along without much change or feature, speculation being dead in it and exports light, though port receipts are falling off. General trade is fair, but not active, with the Eastern States showing signs of improvement. Ocean freights are declining again on light exports generally.

FINANCIAL FACTS AND OPINIONS.

Savings Banks Investments.—In New York a bill is pending before the Legislature, extending the powers of savings banks to invest their deposits. At present, they are restricted to Government bonds, State bonds and those of counties and cities in the State, and to bonds and mortgages on real estate. There are not enough of such securities to employ all the deposits of these institutions, and they are therefore forced to the necessity, either of not employing their money, or else of investing in bonds and mortgages possessing less security. The bill before the Legislature provides for investing in the bonds of cities and counties of other States, and some bankers are in favor of permitting savings banks to take railroad bonds. In our judgment, the latter kind of security, under proper restrictions, would be much safer than that of the bonds of municipalities, for there have been several cases, even in recent times, of the repudiation of municipal obligations, of which Elizabeth, New Jersey, is, perhaps, the most glaring example. While cities generally are more prudent in extending their obligations than they were a few years ago, there is, after all, not as much safety in securities of this nature as there is in the bonds of the older railroad companies which are paying regular dividends. In our judgment, if the savings banks were allowed to hold the bonds of railroad companies that had been paying regular dividends for a series of years, say five years or longer, and which were not bonded beyond a certain amount per mile, the banks would be safer in holding them than in holding any other securities beyond those now permitted by law that might be named. The great value of such railroad securities is clearly indicated by the price at which they are held in the market. Some of the New England States permit savings banks to invest in the stocks of other banks, both in their respective States and outside them; but every now and then a bank fails and a loss is sustained. But with the railroad bond the case is different. It is strictly a mortgage. The security is known, its value can be accurately estimated, and, properly selected, nothing better can be taken.

Financial Legislation.—The second session of the fiftieth Congress has proved unusually barren in financial measures of any kind. There were several bills of considerable importance before that body relating to banking matters. One of these was the refunding bill which was introduced early in the session by Senator Aldrich,

of Rhode Island. It authorizes the Secretary of the Treasury to receive, subject to such regulations as he may prescribe, any four per cent. bonds, and to issue in exchange therefor an equal amount in bonds bearing interest at the rate of $2\frac{1}{2}$ per cent. per annum, payable quarterly. The refunded bonds are made payable at the same date at which the present four per cents. mature, namely, in 1907. In consideration of the reduction of interest effected, the Secretary of the Treasury is authorized to pay to holders of the 4 per cent. bonds exchanged for the $2\frac{1}{2}$ per cents. a sum equal in each case to the aggregate present worth at the time of exchange, of the interest from which the United States is released by the exchange. It is provided, however, that, in ascertaining such present worth, interest shall be accepted at not less than $2\frac{1}{2}$ per cent. per annum, reinvested quarter-yearly. The four per cents. received in exchange shall, of course, be canceled. Any national banking association may deposit $2\frac{1}{2}$ per cent. bonds as security for its circulating notes, and receive circulating notes not exceeding in amount the par value of the bonds so deposited. The amount of notes issued to any banking association, however, shall not exceed the amount of its capital stock at the time actually paid in. Another was the banking code, prepared by the late Comptroller of the Treasury, Mr. Trenholm. Of this, very likely, we shall hear no more. Had there ever been serious discussion over it, strong opposition would have been developed among the bankers, who would have been quite unwilling to throw away the construction put on the act by the courts during the last twenty years, even though carefully embodied in the proposed measure. Many of these decisions are of great value, and, however carefully they may have been digested, it is quite impossible to make them so simple as they are in their original form. We do not think, for this reason, that Congress is ever likely to engage seriously in the work of adopting a bank code. There is, however, a very important work in the way of perfecting a code of commercial law, especially of negotiable instruments. This is needed for two reasons: First, there are so many decisions relating to the subject; and again, so many of them are conflicting. To establish a code of this character would be extremely useful. The necessity becomes more and more pressing every year.

The Connecticut Mutual Life Insurance Defalcation.—The enormous defalcation through Mr. Moore, the financial correspondent, has caused some disquietude concerning the management of that company. No doubt the general officers are men of integrity, and the assets are amply sufficient to secure policy holders. The unwelcome thought which must stay in the minds of the holders

of its policies is, that perhaps the company has become too large for that vigilant oversight which is needful to prevent losses of this character. President Green says, what is perfectly true, that every concern must have agents, who, in turn, must be trusted, and that occasionally one will prove unmindful of his trust. But if they were smaller, could not their affairs be more carefully managed than they can be when they are diversified in so many ways? Suppose, for example, the investments of this great company had been much more contracted in their sphere, is it not highly probable that President Green and his immediate associates would have had a more intimate knowledge of them than, it seems, they did possess? In other words, has not the company outgrown the possibilities of conservative and careful management? Its affairs must be conducted largely through agents in different parts of the country, who in many cases are a long way from the parent office. The distances are so great, the agents and interests so numerous, that the danger from loss is enormously enhanced. The only safeguard against this is smaller companies, and the question might be worth considering whether a lessening of business to some extent would not be a more prudent step than any other to prevent the happening of such losses in the future.

Security for Cotton Bills of Lading.—It is well known that in taking drafts secured by a bill of lading of cotton it is generally regarded as good security, and banks usually are quite ready to make advances thereon. But it seems that there is danger of fraud in taking these instruments, whenever damage by fire or other cause occurs to the cotton after it has been shipped. By law, the master of the vessel has entire control of the cargo under such circumstances in the absence of the holder of the bill of lading, the legal owner. As these documents are usually at such times either in transit in the mails across the ocean, or in the hands of European bankers, or others at a distance, no legal owner whom the master is bound to recognize can appear to protect the cotton, and consequently the master can do with it what he likes, in spite of the protests of underwriters, who have no standing in court in the absence of the bills of lading. The result is, that too frequently captains, in collusion with ship-agents and others, incur fraudulently enormous fictitious expenses against the cotton, much of which is often sold to satisfy these claims, under the pretense of being damaged, and for only a fraction of its value; and by these methods thousands of dollars are put into the pockets of all concerned in the job, to the detriment of the merchandise and to the prejudice of the bankers'

collateral. There is excellent reason, too, for believing that the prospect of such rich plunder proves very frequently an irresistible temptation to the crime of incendiarism. It should be noted that the absolute control possessed by the master over the partially damaged cargo, in the absence of the owner with bills of lading, is derived from ancient custom, which the course of modern commerce has rendered not only useless, but highly injurious. To remedy this a bill has been introduced into the South Carolina Legislature, embodying the simple expedient of placing, in the absence of the legal owner holding the bills of lading, the underwriter in his place, the insurer being in fact the equitable owner, or party in interest, as he is liable to pay for all damage sustained by the property, and for all expenses incurred nominally in its behalf. It has passed one house, and has been favorably reported by the Judiciary Committee of the other, and will next autumn be considered finally. The provisions of this bill are confined to the jurisdiction of the State and ports of South Carolina, but should be adopted by other States.

Gold and Silver Production.—The *Commercial Herald and Market Review* of San Francisco contains a very interesting review of the mining industries for 1888. It remarks that the methods of extracting ore are steadily improving through increased knowledge in the manipulation of them. Ores which a few years ago were too refractory to be worked, are so no longer. Other ores are worked over, and from them is obtained enough precious metal to yield a very considerable profit. The *Herald* says that even five dollar ore is now regarded as well worth the capitalist's attention. This is the explanation in part of the increase in the production of metal during the last year—the more skillful working of the various ores which are known to exist. The yield of the coast is as follows:

	Gold.	Silver.	Total.
California.....	\$19,000,000	\$1,000,000	\$20,000,000
Nevada.....	4,000,000	9,000,000	13,000,000
Colorado.....	7,500,000	22,500,000	30,000,000
Utah.....	1,000,000	5,750,000	6,750,000
Dakota.....	2,750,000	500,000	3,250,000
Montana.....	4,500,000	9,500,000	14,000,000
Idaho.....	2,000,000	4,500,000	6,500,000
Arizona.....	500,000	3,000,000	3,500,000
New Mexico....	500,000	2,500,000	3,000,000
Alaska.....	1,350,000	.....	1,350,000
Oregon.....	1,200,000	.....	1,200,000
Washington.....	200,000	.....	200,000
Total.....	\$44,500,000	\$58,250,000	\$102,750,000

This is an increase of about \$8,185,000, or between 8 or 9 per cent. Over 18 per cent. of this is silver, or \$6,735,000. The most

conspicuous increase in gold is in California. The following table, giving the estimate of gold and silver production since 1848, is worth adding in this connection :

<i>Year.</i>	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
1848.....	\$5,000,000	.....	\$5,000,000
1849.....	23,000,000	.....	23,000,000
1850.....	59,000,000	.....	59,000,000
1851.....	60,000,000	.....	60,000,000
1852.....	59,000,000	.....	59,000,000
1853.....	68,000,000	.....	68,000,000
1854.....	64,000,000	.....	64,000,000
1855.....	58,000,000	.....	58,000,000
1856.....	63,000,000	.....	63,000,000
1857.....	64,000,000	.....	64,000,000
1858.....	59,000,000	.....	59,000,000
1859.....	59,000,000	.....	59,000,000
1860.....	52,000,000	\$90,897	52,090,897
1861.....	50,000,000	2,275,256	52,275,256
1862.....	52,000,000	6,247,014	58,247,014
1863.....	57,000,000	12,486,238	69,486,238
1864.....	55,967,605	16,797,585	72,765,190
1865.....	57,496,800	16,184,877	73,681,677
1866.....	62,000,000	16,000,000	78,000,000
1867.....	59,000,000	16,000,000	75,000,000
1868.....	51,000,000	16,000,000	67,000,000
1869.....	47,000,000	16,000,000	63,000,000
1870.....	48,000,000	18,000,000	66,000,000
1871.....	42,357,000	24,246,000	66,603,000
1872.....	42,688,100	27,548,811	70,236,914
1873.....	41,500,000	38,500,000	80,000,000
1874.....	49,150,000	40,250,000	89,400,000
1875.....	50,750,000	46,500,000	97,250,000
1876.....	58,100,000	48,000,000	106,100,000
1877.....	50,700,000	47,300,000	98,000,000
1878.....	46,370,000	42,945,000	89,315,000
1879.....	36,530,000	41,080,000	77,600,000
1880.....	35,655,000	43,770,000	79,425,000
1881.....	31,660,000	48,100,000	79,760,000
1882.....	30,950,000	49,950,000	80,900,000
1883.....	29,375,000	47,450,000	76,825,000
1884.....	28,236,600	46,809,000	75,045,600
1885.....	28,740,000	48,250,000	76,990,000
1886.....	32,815,000	52,850,000	85,665,000
1887.....	37,765,000	56,800,000	94,565,000
1888.....	44,500,000	58,250,000	102,750,000

New York Trust Companies.—The trust companies since 1887 in New York and Brooklyn, especially, have rapidly multiplied. It is announced that another is soon to be started under the auspices of the New York Life Insurance Company, of which Secretary Fairchild will be the president, while another will be conducted by the Assistant Treasurer, Mr. McCue. The profits reported by the United States, Central, and Union Trust Companies during the last five years, and the great prosperity which has visited the Atlantic, have done much to lead to the formation of more companies. The market price of their stocks shows the estimate which investors have of them. The United States sells at \$650, that of the Central at \$600, and that of the Atlantic at \$320. From the last report of Mr. Paine, the superintendent of the banking depart-

ment of New York, the following trust, loan, and mortgage companies existed in the State at the beginning of the fiscal year:

NAME.	Location.	Capital.
American Loan and Trust Company.....	New York City...	\$1,000,000 00
Atlantic Trust Company.....	New York City...	500,000 00
Brooklyn Trust Company.....	Brooklyn.....	1,000,000 00
Buffalo Loan, Trust, and Safe Deposit Company...	Buffalo.....	137,000 00
Central Trust Company.....	New York City...	1,000,000 00
Equitable Trust Company of New London, Conn.	New York City...	1,500,000 00
Farmers' Loan and Trust Company.....	New York City...	1,000,000 00
Franklin Trust Company.....	Brooklyn.....	500,000 00
Holland Trust Company.....	New York City...	500,000 00
Jarvis-Conklin Mort. Trust Co. of Kansas City, Mo.	New York City...	1,000,000 00
Knickerbocker Trust Company.....	New York City...	500,000 00
Long Island Loan and Trust Company.....	Brooklyn.....	500,000 00
Manhattan Trust Company.....	New York City...	1,000,000 00
Mercantile Trust Company.....	New York City...	2,000,000 00
Metropolitan Trust Company.....	New York City...	1,000,000 00
Mutual Trust Company.....	New York City...	50,000 00
Nassau Trust Company.....	Brooklyn.....	500,000 00
New York Guaranty and Indemnity Company.....	New York City...	100,000 00
New York Life Insurance and Trust Company.....	New York City...	1,000,000 00
Rochester Trust and Safe Deposit Company.....	Rochester.....	200,000 00
Title Guarantee and Trust Company.....	New York City...	914,300 00
Trust and Deposit Company of Onondaga.....	Syracuse.....	100,000 00
Union Trust Company.....	New York City...	1,000,000 00
United States Mortgage Company.....	New York City...	1,000,000 00
United States Trust Company.....	New York City...	2,000,000 00

Co-operative Banking.—In the last number an account was given of these institutions. The *Boston Advertiser* adds the following remarks on the subject: "For the man who perseveres, there is a net saving in interest to depositors in co-operative banks as compared with the expense of a regular savings bank mortgage. The main business of the co-operative banks does not come on this account, however. They make loans where savings banks do not. Thus a young mechanic finds himself at say thirty years of age with \$500 cash savings; such a man with our American ideas and liberal wages usually aspires to a \$2,000 house. His land will cost \$500, and under our State laws the savings banks cannot lend over 60 per cent. of the expected cost of the property, in this case \$1,500. But while our mechanic does not have sufficient capital to borrow from the savings banks, he can obtain the necessary \$2,000 from the co-operative bank in case they find the moral hazard, so to speak, of a satisfactory character. The tendency has been to create a class of business which is not taken away from the savings banks, and would not exist but for these new and helpful organizations. In the past eleven years, the two Boston co-operative banks, which we take for illustration merely, have been the means of building 400 homes, and the great majority of them would probably not have been built except through this medium.

Another benefit due to their operation is the habit of continual saving which they induce. The cardinal principle of these banks is the payment of \$1 per month per share owned. Many do not borrow, but deposit for the 6 to 7 per cent. interest earned. It is this class which requires conservative management on the part of the directors. It is found necessary to pay off many depositors by lot before the full value of the shares is reached, as a sort of sinking fund provision. It is now mandatory by law to reduce the number of depositors in any one series to 100 by the time the ninth year is reached. Unless such action is taken, the banks will find larger payments called for at the maturity of their shares than can easily be made, in view of the extensive real estate loans existing at all times."

Where is the Gold?—The *Financial Chronicle* remarks that while there are five hundred millions of gold and gold certificates in circulation outside the quantity held by the Treasury, "it must be in the Pacific States, for in the Eastern, Western and South-western States not one individual in five hundred receives in ordinary business transactions a gold certificate or gold coin once in twelve months." The *Cincinnati Price Current* says: "In this part of the country gold certificates are not uncommon, nearly every lot of currency as passed from hand to hand having more or less of them, while gold coin is very abundant; in fact, it is almost as much of an incumbrance as silver. The banks receive more than they want, and are glad to pay it out on checks to anyone who will take it. It frequently occurs that a collector of an account is asked to take gold as a favor to the payer. Country banks in remitting to their correspondents here frequently send gold in tens of thousands of dollars. If gold is in as general circulation elsewhere as in this region, it is not necessary to resort to the theory of hoarding to account for the location of the supply."

A New Form of Security.—The American Pig Iron Storage War-rant Company has been formed, for the purpose of enabling the holders of that metal to store it in such a manner that advances thereon can be made with safety. The plan is to put the iron in the custody of the company. It does not propose to move the iron, but to have control of yards or places of storage near the furnaces where it may be produced. The company becomes the guarantor that the iron specified in the certificates of deposit will be forthcoming whenever demanded. In short, the iron certificates will be very much like those given for wheat and other products kept in storage. The *Iron Age* says that the primary object of the company is to create a medium for speculation by the general

public. "The larger the quantity of pig iron in their storage yards the greater will be their income, and the larger their profits. The quantity will be measured by the capacity of the speculative public to pay the relatively low cost of carrying the stock, and by the success attained in securing the co-operation of furnace companies. The former will be dependent upon the magnitude and frequency of the chances of securing a profit by betting on the right side of the market. The latter will be measured by the advantages which might accrue to them from steadier work and cheapened cost of marketing. Speculators and their brokers will be indifferent to everything which is not connected with the prospect of a 'lively market.' Brisk fluctuations, a large volume of transactions, with the occasional excitement of a corner, is all that they ask. The interest of the projectors of the enterprise lies with these, aside from any schemes which some of those identified with the movement may or may not cherish in connection with individual speculative operations. The general public is to pay for the privilege of taking a flyer in pig iron, the cost of storing and carrying it, plus a profit to the American Pig Iron Storage Warrant Company." There is another side to the undertaking. We do not know why iron should not be stored so that advances can be made thereon, as well as wheat or other products. One of the advantages claimed from storing it and borrowing money on it, is that a larger quantity of iron will be kept in stock, and consequently there will be a smaller advance in price when business is booming. Should the operations of the company lead to this result, they would be highly beneficial, for we know that, with a large demand for iron and a great increase in prices, manufacturers are tempted to extend their works, and then in a few months, or a year or two at furthest, they learn that they have an excess of capacity for production. By thus accumulating iron there would be greater activity during the dull periods among the manufacturers, and a lesser activity when business is unusually brisk. Thus the process of production would be more even, and this would be a gain all around. It may be questioned whether, if iron were thus made in large quantities in advance of the market, as much could be obtained for it, as the buyer would have a greater advantage over the seller than he has now; and one would suppose that, on the whole, the prices of iron would be more uniform and lower than they are when business is unusually good. On the other hand, perhaps prices would not decline so much during periods of depression, and thus, in the long run, the average price might be quite as high as it would be under the old order of things. The experiment is worth trying. The interest account would be large; but perhaps the other gains above men-

tioned would more than offset the cost of storing and carrying the iron until it was sold.

The Nicaragua Ship Canal.—Now that the Panama Canal has failed, public attention is directed to the Nicaragua project, which, all along, has had the sanction of able experts. It appears that the cost of building this canal is within reasonable figures, and there is every prospect that the money will be raised and the canal built. One of the distinguishing features of this enterprise is, it is essentially American, while the other had no countenance from either the American Government or people. Happily, they had no faith in the enterprise, and thus are not partners and sharers in the enormous loss incurred. The advantages of the Nicaragua scheme over the other are well understood. It is further north, is much more easily reached, and can be built at far less expense; while the nature of the engineering difficulties is well understood before beginning. Originally, the Maritime Canal Company of Nicaragua was incorporated by the State of Vermont, but this charter has now been supplemented or strengthened by national legislation. It will be built entirely by private capital; but Congress is to have the right to regulate the rates of transportation and to require annual reports from the company. The maximum of the capital stock is two hundred millions, but it is supposed, from the later surveys, that it can be built for fifty-five millions. The Governments of Nicaragua and Costa Rica have granted large tracts of land to the company, the former giving one million acres. The *Mexican Financier*, which has a familiar knowledge of all subjects relating to the industrial development of the country to the south of us, has made the following remarks on the subject, which are worth adding:

The enterprise is in the hands of a group of energetic American capitalists, and there is little doubt that the work will be pushed forward to completion. It will be a far cheaper canal than that at Panama, and it will have one great advantage over the Panama route, in that the harbor of Brito, on the Pacific end, can, at any season of the year, be approached by sailing vessels, while for many months in the year Panama can only be reached by steamers, owing to the prevalent calms. The Nicaragua route is also incomparably the healthier of the two, the country being swept continually by trade winds. The engineers and laborers of the surveying force have maintained remarkably good health under necessarily trying circumstances. It is estimated by the statisticians of the American and of foreign Governments that, when the canal is opened, it will have an annual traffic of 4,500,000 tons which may be increased after a time to 6,000,000 tons. And as the Nicaragua canal company's capital will be very much less than that required to dig the great ditch at Panama, tolls will be lower—a most important consideration.

Western Repudiation.—Rarely do two messages proceed from different Governors within a few days of each other, but this has happened in Kansas. Governor Martin, at the assembling of the legislature, had a message which for the most part was replete with good advice and sound recommendations, but sadly impaired by the spirit of repudiation which was revealed in the following remark: "That it should require something more than a mortgage to steal a man's farm"—which, in plain language, meant that though the farmers had mortgaged their farms, and in good faith, and had received their money, the failure to pay should not be followed by the usual accompaniment of taking of the security by the creditor. The *Kansas Financier* remarks that what the Governor has said relating to mortgages is so tainted with anarchy that it hardly seems credible that he could have written it. "The last four years of development would not show the present results, had it not been for the money induced into the State by mortgages. People coming here do not as a general rule bring much wealth with them, but, banking on the future, they borrow money to improve a home and buy stock and implements, and if prudence and good management is exercised no man will suffer. During the last two years, however, there has been some discouragement from shortage in crops, and this has disabled some from meeting maturing interest, and principal of obligations, and instead of honestly meeting the creditor, a few are now seeking to compel him to await their pleasure to pay. The speech of the Governor at this time, and in the way given, was as intemperate and unwise as the sayings of a red-shirted anarchist, and it is to be deeply deplored. It is a direct assault at the credit of the people of the State, and the effects are already being reaped. Should the legislature pass any redemption law, still further extending the delay of collection, it will have one certain result: money will not seek investment further, and the absence of competition will advance rates, to the cost of the class desired to be favorably affected by the proposed legislation. If the legislature will see this subject in its true light they will ignore the advice of Governor Martin, and should let the subject severely alone." Hardly had Governor Martin's message been read and discussed when the new Governor was inaugurated. He sent in a message of a very different import. Governor Humphrey recommends the reduction of the legal rates of interest, the appointment of a county assessor, the payment of the State bonds as they mature, the limitation of the power to create municipal debt, the amendment of the corporation laws, the appointment of a superintendent of banking, the calling of a constitutional convention, and other measures of importance. On redemption laws, and stays of collection of honest debts, he is silent.

Bank Supervision.—Governor Humphrey of Kansas, in his message to the legislature of that State, has called attention to the defects in the banking law, and recommends, among other things, bank supervision, as conducted in some of the other States. An article on this subject appeared in our issue of last month. This recommendation is excellent, and we trust that the legislature will enact a bill providing for the appointment of such an officer, and prescribing his duties.

Profit on Circulation.—In response to inquiries addressed to Treasury officials, Mr. F. W. Lantz, of the Treasurer's Office, has prepared the following statement of the returns secured by national banks from an investment in Government $4\frac{1}{2}$ per cent. bonds as a basis of note circulation. If money is worth 2 per cent. bank circulation yields a profit, but if money is worth more the maintenance of circulation involves a loss. Mr. Lantz's calculation is as follows: "Taking March 1 as a convenient date, and assuming the market price of the bonds, without the interest maturing that day, to be 107%, and assuming also the amount of the investment to be the market value of the bonds held, a bank has for each \$1.07% invested ninety cents of circulation, against which a redemption fund of $4\frac{1}{2}$ cents must be set aside, leaving 85½ cents, which is as available as that much of the capital, and may be left out of the calculation. Of the \$1.07% there remains then 22½ cents, for which the bank is to receive annually $4\frac{1}{2}$ cents in quarterly payments, with redemption and other expenses incident to circulation estimated at 93-100 of a cent, or 3 5-100 cents net; and is to receive also on the maturity of the bonds and the retirement of its circulation the 10 cents margin between circulation and bonds, and the 5 per cent. redemption fund, in all 14½ cents. Briefly, the investment of 22½ cents for 2½ years realizes 3 57-100 cents per annum, and 14½ cents additional at the end of the period. Whether this investment is relatively profitable depends on the value of money. If the present worth of the proceeds, reckoning interest at the rate that could be realized from another form of investment, be more than 22½ cents, there is a relative profit; if less, a relative loss. The difference between 22½ cents and this present worth is the amount of the present worth of the profit or loss. This difference divided by 1.07% gives the present worth of the profit or loss per dollar invested; and the last result divided by the present worth of \$1 per annum for 2½ years at the assumed rate of interest gives the profit or loss per dollar per annum.

The calculation made for the rates of 2, 3, 4, 5 and 6 per cent. per annum, payable quarterly, results as follows:

Interest	2 per cent.	.....	.0034	per cent.	per annum	profit.
"	3	"	.....	.0014	"	"
"	4	"	.....	.0031	"	"
"	5	"	.....	.0049	"	"
"	6	"	.....	.0066	"	"

Expressed verbally, with interest at 2 per cent per annum, payable quarterly, there is a profit from circulation of 4 hundredths of 1 per cent. per annum on the amount of the market value of the bonds held; and with money at 6 per cent. there is a loss of 66 hundredths of 1 per cent."

THE AMERICAN DEBT.

THE FINANCES OF THE UNITED STATES FROM 1861 TO 1887.

BY E. MASSERAS.*

[CONTINUED.]

The South beaten and peace come back again, the temptation was natural to enter very speedily upon a course of reduction of taxation. This temptation was all the stronger, because the complaints of commerce redoubled against the enormity of the duties on imports, and the people were far from getting accustomed to the recently created internal taxes. Not only were these taxes reproached with the burden which they put upon the people; the jealous defenders of local rights protested more than ever against a fiscal system which, in their eyes, constituted a constitutional infringement. They had cherished the hope that the taxation occasioned by the war would disappear with it, and they demanded its immediate suppression in the name of the independence of the States. The Government and Congress at Washington had there a fine chance to win easy popularity. Their merit in resisting it was all the greater, because the almost instantaneous reduction of expenditures was calculated to dazzle them and draw them on. Contrary to the predictions of those who judged by Europe, the disbanding of the troops, immediately after the cessation of hostilities, was effected with a promptness and a facility that surprised the Americans themselves. There had been some fear lest the country, transformed during four years into a vast camp, should find it hard to return to its old habits; lest the soldier's and officer's life, led by a million of men, might have created a new element, averse to blending henceforth with the rest of the nation; in a word, lest from the armies of volunteers should come forth a permanent army. There was nothing of the kind. The hundreds of regiments raised for the war were dissolved more rapidly even than they had been formed. In less than two years after the taking of Richmond, the United States counted little more than their 20,000 men of ordinary troops. From amounting to \$1,000,000,000 in 1865, the military expenditures fell to \$95,000,000 in 1867; in 1870 they were at \$57,000,000, and soon their normal figure dropped to \$40,000,000. The naval expenditures were likewise diminished by half. The suppression of taxes seemed therefore indicated.

But the reduction of taxation, so easy to enact, implied the

* Translated from the French, by O. A. Bierstadt.

perpetuity of the debt. The diminution of revenue would have permitted the Government to pay only the interest to its creditors; there could be no more question of redeeming the capital. Now, this consideration might leave indifferent the selfishness of tax-payers who, in every country, see nothing beyond just what they have to pay; but it preserved all its importance to men who were busied with the future, and who bore in mind the advice and example given by the founders of American greatness. Resisting the attraction of an instantaneous abolition of taxes, they decided that the taxes should only be touched with prudent slowness and in reasonable progression. Every year brought, indeed, its reform, but always a partial reform, bearing in turn upon the points that called most quickly for alleviation. One is struck by the true concern for the public interest, which dictated the decisions, in a matter where one might have expected to see frequently intervening electoral calculations, the passions of sets, and local claims.

The first modification simply revoked an extra tax of 20 per cent., added in the last days of the war (March, 1865,) to the impost already laid upon manufacturers. A little later, this impost itself was struck out, as well as the tax on raw cotton. Afterwards came the exoneration of all receipts, of the product of commercial sales, and of successions. In 1867, the income tax, which had been raised proportionally to 5 and 10 per cent., was brought down to a uniform rate of 5 per cent., and the figure of exempt incomes carried from \$600 to \$1,000; the complete abolition of this tax, which it was attempted to vote at this time, did not come until seven years later, in 1874. Then disappeared, one after another, the taxes on repairs; on books, printing and paper; on capital and speculation; on transfers; on the principal raw materials, such as coal, pig-iron, sugar, petroleum; and on almost all manufactured objects. These successive erasures brought down to 55 the number of articles included in the list of internal taxes, which had contained as many as 293; but there was always the same care to free, before all, the producing population and the business world. Few exceptions were made in favor of the products or articles of consumption of luxury. Tobacco and liquors only shared in the reductions later, and to a very slight extent; whisky even had its excise duty increased, and collected with growing strictness. There is one item to be noted: the banks, notwithstanding their financial power and their incessant efforts, only succeeded, in 1883, in obtaining a diminution of the tax laid upon their fiduciary circulation.

From 1866 to 1882 may be counted, in the statutes of Congress, eight laws on the subject, without speaking of the scattered reso-

lutions which were voted now and then. Reckoned by the product of previous years, the sums retrenched from the budget by successive exonerations, represent an annual total of nearly \$300,000,000—that is, almost as much as all the taxes combined produced at the time of their maximum (\$309,000,000 in 1866). Thanks, however, to the normal increase of its product, the internal tax continued to give a revenue of \$100,000,000 to \$120,000,000 after all the reductions effected.

The question presented itself under another aspect for the tariff of customs. Not that the protestations here were less urgent or less reasonable, but they came from a limited class of interested persons, having against them a powerful league, which spoke in the name of national labor. Commerce, also, had flattered itself that with the end of the war it would see a change in the excessive system that was crushing it. Its cause was, moreover, that of a part of the consuming population, which felt the dearness kept up by the too high rate of the duties on imports. What, however, were their united voices by the side of the cries of alarm uttered by the American manufacturers and their workmen every time there was any talk of a revision of the tariff?

To hear them, it was like decreeing the ruin of the country's industries thus to expose them without defense to foreign competition. And what was the time chosen for withdrawing from them the protection without which they were condemned to death? Just that time when it was refused to free them from the internal revenue taxes. The continuance of these made more than ever indispensable a barrier against the invasion of the market by the products of abroad. In support of this view, it was further urged that the importers were about to profit by the decrease of the premium on gold, since they would have to pay less and less for the specie with which to settle their accounts with the custom-house. This fact alone gave them a notable advantage in comparison with preceding years. Ought it to be joined by a reduction of duties?

This argumentation was all the more sure to triumph because it was addressed to converts. The enhancement of the duties on imports had, in principle, only had for its object the increase of the Government's revenue; but the idea of protection had come afterwards, and, circumstances aiding, it had recruited all the manufacturers, who profited by the almost prohibitory system installed in 1864 to monopolize the market. Many, also, had been won over by the belief that to this system alone was due the extraordinary growth of the national manufactures. Not taking into account the part which the superabundance of paper money and the needs occasioned by the war had had in this growth, they

sincerely believed that to shut the door on foreign goods is the best way to favor home production. The fallacy at the bottom of this doctrine has, since then, been recognized, in spite of its seductive appearance. More than one American manufacturer now admits that, though protection is sometimes a good thing, and may come to the help of certain infant industries, it is well to recur to it only sparingly, and for special cases; more than one acknowledges that there may be real harm, even from the point of view of the people that are supposed to be protected, in making a permanent system, and in particular a general system of the holding-off of foreign goods. At the time we refer to, this side of the question was not yet looked at in the United States, and the systematic exclusion of products from abroad was the dominant idea.

There was, besides, some legitimate uneasiness beginning to be felt about the future of a part of the manufactures hastily created in the country. The orders, for which many of them had been improvised, suddenly ceased with the military period. During four years production had been feverishly urged on by the devouring consumption which a state of war excites. Wearing apparel, arms, stores, transports, ammunition, provisions, ambulances, hospitals, medicines, all these had to be furnished for millions of men hurriedly enrolled into regiments, nothing having been foreseen, nothing existing beforehand.* Hence the erection of numberless factories which were now to be forced to shut down. The iron and steel works, the manufactories of cloths and woolens, had especially been multiplied far beyond what a normal condition of things could support. These were just so many interesting situations to be helped through, for they were going to have only too great difficulty in struggling against mutual competition at home, and at least they ought not to be delivered over defenseless to foreign competition.

This combination of reasons explains the resistance that was long encountered by every proposition tending to modify the tariff. A first plan of reduction came up in 1867. It emanated from the Secretary of the Treasury himself, and was limited to asking, with the exemption of some raw materials, the lowering of the duties on a small number of manufactured articles; it aimed specially to simplify the established classification, the complexity of which occasioned frequent difficulties. Despite its modest proportions, this plan was rejected by Congress; several others followed with no better results. The changes did not begin until

* The official statement of men enlisted during the war shows an effective total of 2,688,523 soldiers, of whom 2,154,124 engaged to serve three years. We refer, of course, only to the North.

1869. In 1870, the duties were diminished on tea, coffee, sugar, molasses; some articles were added to the free list; on the other hand, a tax was put again on marbles and steel rails. Two years later more was done; tea and coffee were declared free; a diminution of 10 per cent. on the whole tariff was voted; it went even further on some goods. But the 10 per cent. reduction, wrested not without difficulty from Congress, lasted only three years. The revenue having fallen off in 1875, the protectionists returned to the charge and caused a repeal of this temporary concession made to commercial liberty. 1876 and 1877 saw two new attempts at reduction fail, the constant fall in prices serving as an argument for the partisans of high duties. In 1882, at last, Congress appointed a special Tariff Commission with a view "to take into consideration, and to thoroughly investigate, all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff, upon a scale of justice to all interests."

This Commission, very impartially chosen, acquitted itself of its task conscientiously, and laid down some excellent principles. It declared that the time had come to diminish the duties on imports, asserting that this diminution, called for by public sentiment, would be an act of justice, and would redound to a durable prosperity, in spite of partial and passing difficulties. The report admitted the theory of "defensive" duties only in those cases where it is desired to protect infant industries. Aside from them, it condemned excessive duties as injurious to the very interests that are supposed to profit from them, by the encouragement they offer to inconsiderate enterprises and the plethora of products that results. Numerous examples, taken from the very period that the United States had just gone through, were given in support of this view. The plan of tariff which accompanied the report was inspired by the doctrines developed. Consequently, while it received the favor of those who were moved by economic considerations alone, it raised a passionate struggle of interests. The work of the Commission had, nevertheless, the good fortune to win an almost complete victory. Of 631 articles enumerated in it, 534 were adopted as they were. The number of those seriously contested hardly went beyond twenty; they were chiefly those connected with iron, steel, cottons and woolens.

The salient feature of this tariff, which, with some few modifications, still forms the present Customs rule of the United States, was the addition of 36 articles to the free list. On the rest there were quite a number of partial reductions, though in general of only relative importance. Timid, however, as was this attempt at

commercial liberty, it only succeeded in passing just before the close of the session—in the House by 152 votes to 116, and 23 refraining from voting; in the Senate by 32 votes to 31, and 13 refraining from voting. These votes permit us to appreciate the prevailing dispositions of Congress in the matter of the tariff.

With the old duties, the Customs had given during the three years preceding (1880-1883) an annual revenue of nearly \$200,000,000. They have not ceased to figure in the statement of income for the same amount. From the point of view of the revenue, consequently, the United States can understand that liberty of commerce offers nothing to be feared; the proof, moreover, had been already made from 1846 to 1860. If, therefore, a course of tariff reduction is not unreservedly entered upon at Washington, especially in view of the surplus that now embarrasses the Treasury, it is nothing but protection that prevents, and the American people will finally learn to what persistent protection leads.

Three figures recapitulate the history of the American budget during the twenty-five years of which we have followed the vicissitudes. Starting from \$42,000,000 in 1861, the revenue reaches \$500,000,000 in 1865, and, after some oscillations, becomes fixed at \$320,000,000, now its normal average.

IV.

THE RESUMPTION OF SPECIE PAYMENTS.

The War of Secession had occupied the four years of Mr. Lincoln's first administration; it bequeathed to the second, in the liquidation to be effected, almost as arduous a problem as had been that of improvising the resources absorbed by the conflict. These thousands of millions, realized in all sorts of ways, paid out without counting, some method had now to be devised to redeem them, and, as a prelude, to prepare for the resumption of specie payments. This was a preliminary condition, without which no effort to get free from the debt could succeed. A nation living upon depreciated paper would in vain have attempted to reconquer its former financial position, particularly in the face of engagements that required constant specie payments to its creditors.

The task of beginning the operation devolved upon Mr. McCulloch, who took possession of the Treasury on the 7th of March, 1865, to remain in it until March 4, 1869. He brought to the place a clearness of vision, settled ideas, and a firmness of speech that made him peculiarly well fitted for his mission. This combination of qualities was a great piece of good fortune for his country.

No sooner was Mr. McCulloch in office than he clearly expounded the double purpose to be followed, showing that his first desire was to abridge the reign of paper money. He wrote of "the specie standard, a departure from which, although for the time being a necessity, is no less damaging and demoralizing to the people than expensive to the Government." His opinion of the inconveniences and dangers of the system was such that, but for the fear of imparting too violent and sudden a shock to commerce, he would immediately have proposed the cessation of the forced currency.

The circulation had, indeed, assumed alarming proportions. Besides the paper money properly so called, amounting to \$450,000,000, the circulation of the banks represented \$300,000,000. There was, in addition, an equal amount at least of Treasury notes and certificates, which the business world had adopted the habit of exchanging like current money. This superabundance of paper had produced its usual consequences: enormous rise in prices, excessive facility in business, universal factitious wealth. To judge from appearances only, the war had become a source of prosperity but the men who were acquainted with the laws of financial movement easily penetrated the perils concealed under this brilliant exterior, and felt a premonition of the ruinous reaction that would follow, sooner or later, if there was not the courage to stop. The new Secretary of the Treasury, therefore, found around him considerable agreement with his views, which the President supported in these terms in a message to Congress: "Five years ago the bank-note circulation of the country amounted to not more than \$200,000,000; now the circulation, bank and national, exceeds \$700,000,000. The simple statement of the fact recommends more strongly than any words of mine could do, the necessity of our restraining this expansion. The gradual reduction of the currency is the only measure that can save the business of the country from disastrous calamities; and this can be almost imperceptibly accomplished by gradually funding the national circulation in securities that may be made redeemable at the pleasure of the Government."

The House of Representatives agreed in principle with this policy, but, after adopting the doctrine, it hesitated on its application. A considerable party in the financial world held a contrary opinion, asserting that the true way of avoiding a crisis was to furnish, without haggling, all the paper that the market demanded. It was like setting up a press to print assignats, and one hardly understands how such a theory could rally so many stubborn partisans in a country like the United States. In opposition, however, to the manifest public interest, there was the coalition

of private interests. The system of unlimited issues recruited its chief advocates from the speculators and manipulators of money, who had gotten into the pleasant habit of profiting by the jumps of exchange and the premium on gold. Their principal argument consisted in claiming that to restrain the circulation would be to precipitate a fall of prices, occasion the contraction of credit, and soon cause failures, one bringing on another. In spite of their opposition, the Government obtained the powers which it solicited, to suppress gradually the floating paper, and substitute for it, by a gradual conversion, bonds with remote periods of redemption. For this purpose it received authority to negotiate the balance of the last loan voted by Congress, to the best of circumstances, according to its judgment alone, without any limitation of price or rate being fixed. This was the first time that such latitude was left to the executive power in matters of finance, so the bill granting it only passed in the House by 83 votes to 53, and 47 refraining from voting.

The beginning of the operation progressed rapidly, conducted with energetic activity by those who had undertaken the initiative and direction. This rapidity, however, could not fail to cause embarrassments, proceeding less from the direct effects of the conversion commenced, than from the situation in itself. The withdrawals of paper occasioned, necessarily, a certain monetary uneasiness. The adversaries of reduction availed themselves of this circumstance very speedily to resume the offensive, and impute the uneasiness of business to nothing but the diminution of the paper in circulation. The public, easily credulous in times of stress, sanctioned this opposition, and Congress was influenced. Towards the close of 1868, a bill, passed almost without debate by one of those majorities that are formed under the influence of irrational emotions, paralyzed the conversion which the Secretary of the Treasury was carrying out, by revoking a part of the power that had been conferred upon him.

This was the signal of a struggle, that was only to stop with the actual resumption of specie payments, between the partisans of reduction (contractionists) and those of extreme expansion (inflationists). To tell the truth, this struggle has even now not yet been given up; the paper money doctrine always counts some obstinate adherents, who try to make a political watchword of it every time they think they see a favorable chance to put it forward. Several times, one might think that the advantage would finally rest with the inflationists, who profited by the slightest embarrassments of the market to demand vociferously new issues of paper. Twice, even, they forced the Government's hand, and extorted from it some millions of notes to come to the help of

the New York Exchange in times of panic. But these condescensions raised such protestations that they were not pushed further.

Things dragged on thus until 1874, without any very settled plan on one side or the other, the contractionists waiting for time to finally prove them right, the inflationists watching for the occasion to fight a decisive battle. This occasion presented itself at last in the form of a crisis at once financial, commercial and industrial, which seemed to make a tempest of ruin sweep over the country. For the time it was easy to maintain that it depended alone upon the good will of the Treasury to relieve the public suffering; intimidated capital hid itself away; let a few hundred millions in paper be thrown into the market, and ease would reappear at once. The remedy seemed so sure and so easy of trial, that the receipt temporarily beguiled quite a number of those even who recognized the danger of an exaggerated currency. They allowed themselves to be persuaded that the expansion was without peril, if the system of reduction should be returned to when the difficult days were passed. A deluge of propositions, inspired by this idea, burst upon Congress; nearly sixty bills were counted up in a few weeks, and some among the number would have speedily led to financial anarchy. Finally, efforts were concentrated upon a plan modest enough in appearance, so far as figures were concerned, but the adoption of which would virtually have sanctioned the principle of indefinite issue.

March 21, 1874, the House voted on three propositions. The first restricted to \$356,000,000 the circulation of the Government notes; the second carried this figure to \$382,000,000; the third raised it to \$400,000,000. This last was adopted, then soon afterwards ratified by the Senate, which wished to add to it a supplementary issue of \$46,000,000, specially designed to help out the New York capitalists. Notwithstanding a subordinate provision, which imposed on the banks certain obligations concerning their reserve, the combination would have resulted in throwing on the market an increase of notes amounting to nearly \$100,000,000. It was easy to see that this first step might lead very far, whatever its result should be. If the projected expansion of the paper money succeeded in reducing the embarrassments, it would be taken advantage of to resort again to the same expedient at the slightest difficulty; if, on the contrary, the expected alleviation was not produced, the insufficiency of the issue would be asserted, and its increase would be demanded. President Grant, who was then beginning his second administration, had the good sense to listen to the advisers who pointed out the trap to him; he put a stop to the bill by a veto thus explained: "The theory, in my belief, is a departure from the true principles of finance, national interest.

national obligations to creditors, congressional promises, party pledges—on the part of both political parties—and of personal views and promises made by me in every annual message sent to Congress, and in each inaugural address.”

This intervention sharply arrested the paper money party in the victory it thought won. To pass over the presidential veto, it would have required a two-thirds vote of Congress, which the division and wavering state of minds did not allow any hope of obtaining. There had already been more of surprise than conviction in the first vote given the bill; warned now of the danger of the measure, the House would certainly not maintain it. On their side, those who had at heart a prompt resumption of specie payments had just seen that they were in conflict with a strong party. On both sides it was understood that the best thing would be to find some ground of compromise. The contesting parties began to parley, and from their negotiations proceeded at length the law that was to bring back the monetary market to its normal condition.

This law, badly enough balanced, showed traces, like all compromises, of the throes that had accompanied its birth. It provided, in the first place, for the withdrawal of the fractional currency, which was to be proportionately replaced by small silver money. Then it gave the banks power to increase by \$100,000,000, the figure of their circulation, while stipulating a parallel diminution of \$80,000,000 in the total of the Government notes; so that there was a partial retirement of the latter, at the same time that \$20,000,000 were added to the paper in circulation. Finally, the law fixed at four years from then—January 1, 1879—the general resumption of specie payments. To prepare for this, the Secretary of the Treasury was to accumulate all the gold that should come to him in the interval, and that he should not be forced to part with; he was also to increase his metallic reserve by disposing of the bonds left on his hands.

The promises of this law were hazardous, and the engagement for a fixed date that the Government took in it, remained subject to the course of events. There was still a premium on silver as well as on gold. Nothing guaranteed that the silver small change put on the market, instead of taking the place of the fractional currency, would not disappear as soon as issued, as had happened in 1862, monopolized by hoarders or speculation. In place of being a step towards metallic money, the attempt would then simply result in fruitless expenditure, complicated by a new manifestation of public want of confidence. The appointment, four years in advance, of a fixed day for the complete resumption of specie payments, was even more hazardous. How was it possible

to foresee the extent of the demands for redemption to which the Treasury would be exposed upon that day? Would it be ready to redeem its paper with open doors if holders presented themselves in throngs? These criticisms were just, and events might easily have justified the pessimistic prognostications of the law's opponents. Fortunately, the contrary happened, and these prognostications proved false in all respects.

The substitution of silver for the fractional currency was effected as easily as possible; equivalence was established of itself, and the people once more got into the habit of handling indifferently silver or paper. Gold also commenced to reappear in daily transactions, rarely still, but freely enough for the premium to enter upon a course of continual decrease. As the time fixed for the cessation of the forced currency approached, the public began no longer to make any great difference between specie and notes, thus spontaneously preparing for the re-establishment of a normal circulation.

[TO BE CONTINUED.]

HOW LOSSES IN SAVINGS BANKS SHALL BE SHARED.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Lewis v. Lynn Inst. for Savings.

Where a savings bank is incorporated, under the laws of Massachusetts, for the purpose of receiving deposits to be used to the best advantage, the income to be divided among the depositors, and the officers receive no compensation, there is no absolute promise to repay to any depositor the full amount of his deposit, and in case of loss from an investment carefully and lawfully made, it must be borne *pro rata* by the depositors.

In case of loss, whereby the depositors cannot receive the amount of their deposits, where the officers and depositors can agree on a settlement between themselves, it is not absolutely necessary that a receiver should be appointed.

Where from the by-laws of a savings bank, it appears that the depositors were to stand on an equality, though only profits are spoken of in them, and in statements on the books given to depositors, by intendment of law, losses are to be shared equally.

Where, by vote of the officers of a savings bank in 1838, 5 per cent. was deducted from the accounts of all depositors, on account of a loss by the bank, and three days later a depositor withdrew her deposit from which the discount was made, and the account was balanced on the books of the bank, in a suit by the depositor's administrator fifty years after, to recover the amount of the discount, it will be assumed that the apportionment was just, that notice was given to the depositors, and that it was known to the depositor or her attorney to whom the money was paid.

C. ALLEN, J.—This case is certainly quite remarkable in its facts. More than fifty years ago the defendant savings bank closed upon its books the account of a female depositor by paying to her attorney the balance found to be due after making a deduction of five per cent. for losses sustained on its investments; and the present action is brought by the administrator of her estate to recover the amount so deducted, with interest. The case calls upon us to look into the nature of the contract

made by the savings bank with its depositors, under the system which then existed, and which has always prevailed in Massachusetts since savings banks began; and, in determining what the contract was, regard must be paid, not merely to the language used by the defendant in the books which it issued to its depositors, but to the circumstances under which the deposit was received, and the chartered powers and purposes of the institution itself.

The Lynn Institution for Savings was incorporated by St. 1826, c. 20. Twenty-eight persons were named in the act, who, with such others as might be duly elected members, were made a corporation with power to receive deposits, to be used and improved to the best advantage, and the income or profit thereof to be applied and divided among those making the deposits, and their executors, administrators or assigns, in just proportion; the principal to be withdrawn at such times and in such manner as the corporation should direct and appoint. Other persons might be elected members, a president and other necessary officers might be chosen, and by-laws might be made; and it was provided that the officers should lay a statement of its affairs before any persons appointed by the legislature to examine the same, whenever required to do so, and that the legislature might at any time make further regulations for the government of the institution, and alter, amend or repeal the act of incorporation at pleasure.

At the time of granting this charter there were no general laws in Massachusetts respecting savings banks, and but five earlier charters had been granted, viz., by St. 1816, c. 92, to the Provident Institution for Savings in Boston; by St. 1818, c. 64, to the Institution for Savings in Salem; by St. 1820, c. 210 to the Institution for Savings in Newburyport; by St. 1825, c. 95, to the Institution for Savings in Roxbury; and by St. 1825, c. 4, to the New Bedford Institution for Savings. The last one alone of the earlier charters contained similar provisions to that of the defendant, reserving the right of alteration, amendment or repeal.

The first general legislation concerning savings banks was St. 1834, c. 190, which was incorporated with some additions into Rev. St. c. 36, §§ 71-84. This legislation provided that every such corporation might receive on deposit, for the use and benefit of the depositors, all sums of money offered for that purpose, to a limited amount; prescribed the manner of investing the deposits; required that the income or profits of all deposits should be divided among the depositors, or their legal representatives, in just proportions, with a deduction of all reasonable expenses incurred in the management thereof; and provided that the principal deposits might be withdrawn at such time or in such manner as the corporation should in its by-laws direct. In the Revised Statutes provision was also made for an annual return, to the secretary of the commonwealth, by each institution, showing its condition. By St. 1851, c. 127, a board of bank commissioners was established, with power, among other things, to visit and examine savings banks, and, in case of need, to apply to this court for an injunction and receivers, temporary or permanent.

It thus appears that a savings bank is an incorporated agency for receiving the moneys of depositors in small or moderate amounts, and investing them merely for the use and benefit of the depositors, who are to receive the advantage thereof in just proportion. At the outset the chief purpose was to encourage frugality by affording to persons of small means an opportunity to have their savings cared for by persons of experience, who, by combining the deposits, could make advantageous investments, not available for small investors. And this purpose still

exists. The corporation had no capital stock, properly so called. There was no relation of privity between successive depositors, as there is between successive stockholders in an ordinary corporation. No profit or benefit accrued to the managers. It is a matter of familiar knowledge that in the earlier times the officers of savings banks, with the exception of the treasurer, usually received no pay for their services. It was so with the defendant. The savings bank book, upon which the deposit now sought to be recovered is shown, states that the savings bank would be open every Wednesday from 2 to 3 o'clock P. M., and that the trustees and other officers would superintend the business without the smallest benefit to themselves; and one of the by-laws provides that the trustees shall never receive any emolument, but may allow a reasonable compensation to a treasurer, or such other officers as may be found necessary. Gradually, with the progress of time, a practice grew up among savings bank, which is now made compulsory by Pub. St. c. 116, § 24 of reserving a guaranty fund to meet possible losses; but the fundamental idea has never been departed from—that all the funds and investments of a savings bank are held exclusively for the benefit and security of the depositors. This idea was and still is the cornerstone of the whole system. There is no corporation with any purpose or possibility of profit to itself, independently of the depositors, but the latter are to share whatever profit may be made in just proportion among themselves. The corporation is a mere agency for managing the moneys of the depositors. To others—to third persons—the corporation can incur liabilities, in contract, or in tort, for which the funds in its hands will be responsible. But to the depositors themselves the undertaking of the corporation is that it will receive and combine the deposits and manage and use them to the best practical advantage, according to the judgment of the trustees, and give to the depositors in just proportion among themselves the benefit of the result of such management. There is no absolute promise to repay to any depositor the full amount of his deposit, at all events. Such a promise to one depositor would imply that, in case of loss, he should be repaid out of the deposits of others. But the promise or undertaking of the corporation is the same to all. There is no promise to pay one at the expense of others. The promise is, in effect, to pay each depositor in full, with his dividends, provided the assets are sufficient; and, if they are not sufficient, then to pay to each one his proportionate share.

There is no legal difficulty, ordinarily, in maintaining an action against a savings bank to recover a deposit, because, ordinarily, the assets are sufficient, and the savings bank, when sued, has no occasion to insist on the conditions. It admits that its funds are sufficient, and the plaintiff's rights in other respects is all that has to be considered. But suppose a great loss has occurred, by fire, theft, defalcation, or otherwise, and the assets are reduced so that the savings bank can only pay 50 or 75 per cent., and the case becomes different. At present, the most convenient method under such a disaster is to seek the appointment of a receiver. But it is not conceived that this is a necessary mode of procedure, provided the officers and the depositors can agree upon a settlement between themselves. In the present case there was a loss from investments lawfully and properly made in the shares of two banks; and the officers of the defendant estimated the loss at 5 per cent., and passed votes that the depositors would have to submit to a deduction of that percentage upon their deposits. If the depositors were dissatisfied, it was open to them to make objection in some legal form, but they did not do so. They appear to have been satisfied with, or at least to have submitted to, the

course of the trustees; and if the plaintiff's intestate, or her duly authorized attorney, accepted the balance found due, after making the deduction, as and for a settlement and payment of what she was entitled to receive upon her deposit, such acceptance, in the absence of fraud, would bind her. It would be like any settlement between principal and agent, where the agent accounts for and delivers up all the property of the principal which he has, and the principal receives it.

In the present case it has been argued that a broader contract is to be found in the statements of the savings bank, contained in its book issued to the plaintiff's intestate, of what it will pay, and also in its by-laws. But these statements, when looked at in view of the nature and character of the institution, are not to be taken as promises, but rather as statements of the expectation of the managers in respect to the success of their management. These statements in the book before us are pretty broad, to be sure; but after all, taking the whole of the by-laws together, it sufficiently appears that the depositors were to stand on a basis of equality, and, though profits are all that are spoken of in terms, by intendment of law, losses must be shared in like proportion.

The views above expressed are supported to a greater or less extent by the decisions in the following cases: *Cogswell v. Bank*, 59 N. H. 43; *Hall v. Paris*, Id. 71; *Simpson v. Bank*, 56 N. H. 466; *Bunnell v. Society*, 38 Conn. 203; *Osborn v. Byrne*, 43 Conn. 155; *In re Institution*, 28 N. J. Eq. 552. See, also, *Huntington v. Bank*, 96 U. S. 388. They are opposed to the decision in *Markin v. Institution*, 23 Me. 350, with which we are unable to agree. The remark in *Reed v. Bank*, 130 Mass. 443, 446, that a depositor in a savings bank becomes a creditor of that bank, is correct; but there was then no occasion to consider what is now determined, namely, that the promise of the savings bank is not an absolute promise to pay in full, at all events.

It is further contended by the plaintiff that it does not appear that the plaintiff's intestate or her attorney accepted the sum paid by the defendant in 1838, as a full settlement of what she was entitled to receive. But after this lapse of time some things are to be taken for granted. On May 18, 1838, the trustees passed the votes directing the treasurer to charge off 3 per cent. to cover the loss sustained by the failure of the Nahant Bank, and 2 per cent. to cover the loss sustained by the depreciation of the Oriental Bank, and these sums were immediately charged against every depositor. The sum by which the deposit of the plaintiff's intestate must be reduced by these two votes was \$15.25. That sum was charged against her on the defendant's ledger for "losses deducted," leaving a balance due to her of \$306.25, which was marked as paid on May 21st, and two red lines were drawn underneath the figures, indicating that the account was closed. The payment of that sum was made on May 21, 1838, three days after the vote above mentioned, to an attorney at law, who acted for her and others, and who signed a receipt for the money on the books of the bank, and on the same day also signed similar receipts for two other persons. The plaintiff's intestate died in 1855. The savings bank book was retained by her, with the payment of \$306.25 indorsed thereon, showing a balance of \$15.25 unexplained on the book. The plaintiff made no explicit request to have the question submitted to the jury, whether Mrs. Lewis or her attorney received the payment on May 21, 1838, knowing that the trustees had voted to make the deduction from the deposits; and the ruling of the court was upon the ground that the trustees had the right thus to apportion the

losses. It is now to be assumed that the apportionment was a just one, that notice thereof was given to the depositors, and that it was known to the plaintiff's intestate or her attorney when the money was paid. The court will not readily infer or assume the existence of a wrong which has not been discovered or complained of for 50 years. This being so, the payment was a settlement, and the plaintiff's intestate received all that she was in law entitled to receive.

Judgment for the defendant.

RIGHTS OF SHAREHOLDERS.

CIRCUIT COURT, W. D. MICHIGAN.

United States ex rel. Cond v. Barry.

The past due and unpaid liability of a shareholder, which, under Rev. St. § 5,144, disqualifies him from voting at an election of directors of a national bank, is limited to his liability for unpaid subscriptions to stock.

This was an information in the nature of a *quo warranto* to oust the respondents from the directorship of the Farmers' National Bank of Constantine. The facts, most of which were admitted, were substantially as follows: At an election of directors, held January 10, 1888, the relators received 249½, and the respondents 250½ votes. The respondents, with two others who were elected unanimously, proceeded at once to organize, by the election of Charles H. Barry as president. The validity of the election of the directors Barry, Markham and Thorne was attacked upon the ground that Charles H. Barry, president of the bank, and owner of 93 shares, was liable to the bank upon commercial paper which was due and unpaid at the time of the election, and therefore that his vote was cast in violation of Rev. St. § 5,144, which declares that "no shareholder whose liability is past due and unpaid shall be allowed to vote." The facts were that he had become liable as surety upon two notes of \$857.40 and \$94, which had matured a few days before the election, and remained unpaid until about January 14th. At the time of the election he had forgotten the existence of these notes, which he had signed as joint maker, though he was really only a surety, and for the purpose of obtaining the custom of the principals for his bank.

BROWN, J. (after stating the facts as above.)—This is a very simple case. It turns practically upon the construction to be given to the last clause of section 5,144, which provides that "no shareholder whose liability is past due and unpaid shall be allowed to vote" at any election of directors of a national bank. If by the word "liability" in this case is meant the liability of the shareholder of every name and nature, or even his liability upon commercial paper, it is difficult to avoid the conclusion that Barry was disqualified to vote. If, upon the other hand, the word is limited by the context to his liability for unpaid subscriptions to or assessments upon stock, then it is clear that he was not disqualified, and that the respondents were duly elected directors. I have no doubt whatever that the latter is the proper construction.

The section in question is found in the first chapter of the national banking law, entitled "Organization and Powers." The prior sections provide for the formation of national banking associations by any number of natural persons, not less than five, for the requisites of the organization certificate, for the acknowledgment and recording of the same with the Comptroller of the Currency; defines the corporate powers of

banks, the limitations under which they may hold real estate, the requisite amount of capital, which shall be divided into shares of \$100 each; declares that at least 50 per cent. of the capital stock shall be paid in before the bank shall commence business, and the remainder shall be paid in monthly installments of at least 10 per cent. each. It further provides that, whenever a shareholder fails to pay an installment upon his stock, the directors may sell the stock of such shareholder at auction, and the excess, if any, over the amount then due, shall be paid to the delinquent shareholder. After providing both for an increase and reduction of the capital stock, the statute further declares (section 5,144) that "in all elections of directors, and in deciding all questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him. Shareholders may vote by proxies duly authorized in writing, but no officer, clerk, teller or bookkeeper of such association shall act as proxy, and no shareholder whose liability is past due and unpaid shall be allowed to vote." The succeeding sections provide for the election, qualifications, and oath of directors and of the president, limit the individual liability of shareholders, and make other provisions with reference to the organization of associations from State banks. Other chapters relate to the obtaining and issuing of circulating notes, the regulation of the banking business, and the subject of dissolution and receiverships. Found in the connection in which it is, it is evident that section 5,144 was intended as a piece of legislative machinery for the organization of national banks. The clause in question, declaring the circumstances under which a shareholder should be disqualified from voting, is in the nature of a penalty, and should be limited in its construction to the object sought to be accomplished by the general provisions of the chapter. By the act in question Congress proposed to establish a system of responsible banks throughout the country, which should be under the authority and control of the Federal Government, and subject to the supervision of the Federal officers. It had been a common complaint against the banking laws of the several States, that subscriptions to stock were often little more than nominal, and that the capital was too frequently represented by promissory notes, which, upon the insolvency of the banks, proved to be wholly worthless. To obtain the confidence of the public, it was important that the capital stock should be paid in cash, and to secure such payment it was provided that the stock of delinquent shareholders should be subject to sale for non-payment of assessments, and also that such shareholders should be debarred from voting at any election of directors. This was a perfectly reasonable requirement, but it would not be reasonable that every liability of the shareholder should be adjusted before the election. A large amount of the business of every bank is done by the shareholders themselves, who are sometimes numbered by the hundred, and it would naturally be a matter of frequent occurrence that there would be unpaid liabilities of some of these at the time of the election. Against them the bank would have the ordinary legal remedies it has against its other debtors, but it is difficult to see why it should be entitled to any extraordinary remedies; especially when, as in this case, the liability is only that of a surety, and the failure to pay merely accidental. Such a construction would not only subject the shareholder to a penalty for the non-payment of his own debts, but would disentitle him to vote by reason of the non-payment of the debts of others in which he has no personal interest beyond the obligation to pay them in case such other persons fail to do so. I think the statute should be limited to the liability of the shareholder for the non-payment of his subscription as such shareholder.

Judgment will therefore be entered for the respondents, with costs, against the relators. I am authorized to state that the Circuit Judge concurs in this opinion.

NATIONAL BANK LIQUIDATION.—RIGHTS OF SHAREHOLDERS.

SUPREME JUDICIAL COURT OF MASSACHUSETTS.

Richards v. Attleborough Nat. Bank.

Under act Cong. July 12, 1882, extending for the purpose of liquidation, the franchises of such national banking associations as do not extend the periods of their charters, and making applicable to them the statutes relating to liquidation of banking associations, such an association may continue to elect officers and directors for the purpose of effecting the liquidation.

But after the expiration of the term of its charter, the stock of such an association is not transferable so as to give the transferee the right to share in the election of directors, and such transferee, not being a stockholder, is ineligible as a director, under Rev. St. U. S. § 5,145.

DEVENS, J.—The Attleborough Bank was organized July 17, 1865, and by law was to have succession for the period of 20 years from its organization. As the law then stood, its existence as a legal entity would have ended on July 17, 1885. Previous to the expiration of this time, on July 12, 1882, the United States statute of that date was enacted, the principal object of which was to enable the associations formed under the United States banking law to prolong their corporate existence for an additional period. The seventh section of the act applied to such associations as did not desire to avail themselves of this privilege, enabled them to continue their business in the ordinary way until the 20 years had expired, and then provided a mode by which their affairs should be finally closed, which was by extending their franchise for this sole purpose. This extension necessarily implies a continuance of their corporate existence, although with strictly limited powers. The section is as follows: "That national banking associations whose corporate existence has expired, or shall hereafter expire, and which do not avail themselves of the provisions of this act, shall be required to comply with the provisions of sections fifty-two hundred and twenty-one and fifty-two hundred and twenty-two of the Revised Statutes, in the same manner as if the shareholders had voted to go into liquidation, as provided in section fifty-two hundred and twenty of the Revised Statutes; and the provisions of sections fifty-two hundred and twenty-four and fifty-two hundred and twenty-five of the Revised Statutes shall also be applicable to such associations, except as modified by this act; and the franchise of such associations is hereby extended for the sole purpose of liquidating their affairs, until such affairs are finally closed." The defendant bank took all necessary steps to avail itself of the provisions of this section, and of the sections of the Revised Statutes referred to therein (which need not be more particularly recited), having determined to close its business, and not to avail itself of the right to continue it for the additional term of twenty years.

It is the contention of the plaintiff that, at the expiration of 20 years, the corporation, as such, was wholly dissolved; that it had a nominal existence, by virtue of its charter, for the purpose of closing its affairs; that it could not elect officers or directors, but could simply appoint

agents to liquidate its affairs, and, failing to do this, that its directors, as they existed at the expiration of the 20 years, could close its affairs with the powers of liquidating agents. How such agents could be appointed or chosen he does not point out, unless by a meeting of the stockholders, called by virtue of the corporate powers. This contention, therefore, is, in substance, that, as the corporation is utterly dissolved, those who as directors find themselves in possession of the assets, may manage them at their own discretion. The right to elect directors, and such other officers as are usually chosen by a business corporation, is a part of the corporate franchise. When the franchise is extended, although for a limited purpose, the corporation may exercise all the powers originally conferred upon it, which are appropriate for that purpose, among which is the election of directors. The right to manage its own affairs in closing them belongs to the bank, through the stockholders, and not to those who, by accident, are found as directors in possession. The act to be done has been compared by Mr. Justice Morton to the administration of an estate. *Crease v. Babcock*, 23 Pick. 334. No doubt it could have been provided that the president of the bank or the directors last in office might perform it, but it has been deemed wiser to prolong the corporate existence; or, to use the exact words of the statute, to extend the franchise. Were full force indeed to be given to the plaintiff's contention, and were the corporation to be held to be actually dissolved, it would be fatal to his suit for whatever remedies might exist against stockholders, or against the property formerly belonging to the corporation. No judgment could certainly be rendered against a non-existent corporation, any more than against a deceased person. *Bank v. Colby*, 21 Wall. 609, 615; *Thornton v. Railroad Co.*, 123 Mass. 32. The corporation can, however, sue and be sued still as an existing corporation. *Bank v. Insurance Co.*, 104 U. S. 54. In the liquidation of its affairs the stockholders must have the right, through proper officers elected by them, to direct the prosecution or the settlement of suits.

At the time of the expiration of the twenty years—July 17, 1885—a board of directors, of which the plaintiff was president, was in existence. There was no election on January 11, 1886, the day fixed by the articles of association, and no meeting was called or notified for that purpose. The United States Revised Statutes, § 5,145, provide: "The affairs of each association shall be managed by not less than five directors, who shall be elected by the shareholders, at a meeting to be held at any time before the association is authorized by the Comptroller of the Currency to commence the business of banking, and afterward at meetings to be held on such day in January of each year as is specified therefor in the articles of association. The directors shall hold office for one year, and until their successors are elected and have qualified." During the years 1885 and 1886 these directors continued to settle the affairs of the bank, and made dividends from its assets to the stockholders, amounting in all to 158 per cent. on the capital stock. In thus proceeding to wind up the affairs of the bank, they were in the exercise of their proper duty, nor was any objection made on behalf of the stockholders until after December 14, 1886, when the directors entered into a submission on behalf of the bank to arbitrators of a claim made by the plaintiff against it. As they were lawfully engaged in winding up the affairs of the bank, such a submission was within their powers. (*Canal Co. v. Swan*, 5 How. 83, 85.) Nor do we think this submission was invalidated by the presence of the plaintiff, as it was made by a unanimous vote of the directors. The arbitrators met, took testimony

in the matter, the plaintiff having then resigned from the board of directors, and on February 14, 1887, rendered an award, which is that declared on. On January 11, 1887, at a meeting of stockholders, five other persons were chosen as directors, who, after organizing by the choice of E. Ira Richards as president, voted to revoke the submission of December 14, 1886. A notice to this effect, and a copy of this vote, were on the same day sent to the arbitrators, signed by J. H. Peckham, a director then chosen as clerk. On January 13, 1887, a notice of revocation of the submission was signed by E. Ira Richards as president, and sealed with a common paper seal as the seal of the bank, and was sent to the arbitrators, who had at that time heard the evidence, but had not agreed on the amount of the award.

Unless there was a legal election of a new board of directors, the old board was not displaced, nor could its action in entering upon a submission have been revoked. The questions whether the cashier, by whom the stockholders' meeting was notified, could properly have given this notice, whether the proceedings at the meeting itself were regular, and whether the attempted revocation of the submission was formally made and properly notified to the arbitrators, have all been fully argued. We shall not have occasion to discuss these, because in our view three of the persons who constituted a majority of the new board, and without whom it could have no legal existence, were not eligible (not being stockholders) as directors, and were not made so by the attempted transfer of stock to them. Every director must own at least 10 shares of stock in his own right in the association in which he is a director. If he ceases to own them he becomes disqualified, and his place is to be vacated. (Rev. St., U. S. § 5,146.) This qualification is not dispensed with when the franchise is extended merely to close the affairs of the bank. If the stock ceased to be negotiable as such when the bank had no further right to do the business for which it was organized, and if a stockholder could no longer make another a member of the corporation, relieving himself from his responsibilities as such, and imposing these upon another, as well as giving to another the full rights of a stockholder, it would follow that, while stockholders might continue to choose directors, the right to vote and the choice would necessarily be limited to those who were stockholders at the time when the liquidation commenced.

The seventh section of the act of 1882, heretofore quoted, makes sections 5,221 and 5,222 of the Revised Statutes, which relate respectively to the notice to be given, and the deposit of money to redeem circulation, and sections 5,224 and 5,225, which relate to the reassignment of bonds, and redemption and destruction of notes, applicable, so far as they may appropriately be so, to any bank closing its affairs by virtue of that section, as if the stockholders had voted to go into voluntary liquidation under section 5,220. That when a corporation is dissolved, and absolutely ceases to exist, there can be no transfer of stock as such, would, we presume, be conceded. When liquidation commences, all that is left to the stockholders is the right to a share in the assets, or the sum produced therefrom, proportional to his holding; while in the case of national banks he is subjected to a limited proportional liability for the debts the bank may have incurred. The equitable interest which he may have in the funds held by trustees, directors, or receiver settling the affairs of the corporation on behalf of the stockholders, may be assigned subject to the rights of creditors, or the claims of the bank upon them; but such equitable assignee does not become a stockholder. When, after the expiration of the term for which the bank was

chartered to do business, its existence is prolonged, and "its franchise extended," simply to collect its dues, pay its debts, and divide what remains among its shareholders, the same result must follow. (*Crease v. Babcock*, 23 Pick. 334, 345.) The reasons for making the stock, as such, transferable, and allowing the purchaser by virtue of his purchase to become a member of the corporation, cease to exist when there is no profit to be made, no business to be done, and when the property of the bank and its liabilities are fixed, and nothing remains but the adjustment of these. Whether the liquidation of the affairs of the bank be voluntary or involuntary, or whether it proceeds under the authority given to continue in existence in order to close its affairs, it is necessarily implied that the respective rights, not only of the creditors and debtors of the bank, but of the stockholders, are to be determined as of the time when it commences. Indeed, were the stock, as such, to continue transferable, serious embarrassments would arise. Where stock is sold in the ordinary course of business, and so transferred, it is not important to the purchase whether the bank has or has not claims against the stockholder so transferring stock. But when the bank is in liquidation, and when all to which the stockholder is entitled is his proportion of the assets, the claims which the bank may hold against him are a proper offset to those which he may hold against it by virtue of his ownership of stock. He cannot, therefore, place another in the position of a stockholder, even if he may invest him with such rights as he himself equitably may have. Again, the responsibilities of a stockholder in a national bank are serious. Section 5,151 provides: "The shareholders of every national banking association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares. . . ." When any banking association shall have gone into liquidation under the provisions of section 5,220, this liability may be enforced by any creditor of the association by bill in equity in the nature of a creditor's bill. (*Richmond v. Irons*, 121 U. S. 27, 54, 7 Sup. Ct. Rep. 788.)

While the transfer of the stock in a national bank, honestly made while the bank is in operation, will substitute the transferee for the original stockholder, relieving the latter from his responsibilities, and imposing them on the purchaser, it has often been held that if such transfer were made to an irresponsible person, with a view of avoiding liability, and with knowledge that the bank was in failing circumstances, it was a fraud, and the party thus transferring would be held to all the obligations of a stockholder. (*Bank v. Case*, 99 U. S. 628; *Bowden v. Johnson*, 107 U. S. 251, 2 Sup. Ct. Rep. 246.) When a bank is in liquidation, the liability of the stockholder for the debts of the corporation has been fixed. If there is a debt due from the bank, he cannot transfer his liability to pay that debt to anyone else, so as to affect the creditor, or subject him, in seeking such remedies as he may have against the stockholders, to any examination beyond the list of those who were so when the liquidation commenced. No further debts can be contracted thereafter, nor any transactions made, except such as result by implication from the duty of closing up its affairs. While the embarrassments that would arise from holding the stock of a bank transferrable after it has once gone into liquidation are manifest, no reason incidental thereto exists why it should so continue. In the case at bar, when the transfer of stock on which defendant relies took place, the affairs of the bank had been nearly closed; 158 per cent. had been paid on the stock, and

only a relatively small sum remained to be divided. As the right to elect directors was, in our view, confined to those who were stockholders when the liquidation commenced, and as only such could be elected, it follows that there was no valid election of a new board of directors (three of those chosen being ineligible), and therefore no valid revocation of the submission to arbitration of the plaintiff's claim.

By the terms of the report there should be judgment on the award.

TRANSFER OF STOCK.

CIRCUIT COURT, D. COLORADO.

Brown v. Finn.

Where a man elected a director and vice-president, and assuming the active management of a bank, being bound by a statute to own a certain number of shares, and presumed to know the condition of the books of the bank, not only as to whether the required number of shares are held by him, but whether there are the required number of stockholders, and who they are, does not return a dividend paid him by the bank at a time when it was insolvent, upon stock transferred to him without his knowledge prior to his election as director and vice-president, and does not repudiate the transfer, except by a return of the dividend to the supposed owner of the shares, he must be held the owner of the stock thus transferred to him on the books.

HALLETT, J.—Sam Brown against Nicholas Finn is an action upon a statute of the United States, to recover a sum due from defendant as stockholder in the First National Bank of Leadville, and the question which arose upon the trial and upon the motion for a new trial was whether Finn was in fact a stockholder in that bank at the time of its failure. Upon the facts as disclosed in evidence, the jury found a verdict, by direction of the court. It appeared in evidence that Mr. De Walt, as president of the bank, had, at some time in the fall of 1883, transferred a number of shares to Mr. Finn, and thereupon he became vice-president of the bank, and entered into the active management of its affairs. At or about that time, Mr. Sauer, who had been cashier of the bank, resigned from that position, and Mr. Finn became acting cashier, although not chosen to that position. I believe he became a director at the same time, as was perhaps necessary to qualify him as vice-president of the institution. Some time later—a month or two perhaps—he purchased certain shares, twenty, I think, of Mr. Sauer. His position is, and he offered evidence to show that at that time and afterwards until January, 1884, he knew nothing of the matter of the transfer of shares to him by De Walt previous to his election as a director and vice-president of the bank. In January, 1884, about the first of that month, he became aware of the transfer of these shares by the circumstance that there was declared by the board of directors a dividend of 25 per cent. upon all of the shares, as well as those which were transferred to him by Mr. De Walt as the shares which he had purchased from Sauer, and this dividend was put to his account. In that way he became apprised of it. He sought immediately—within a few days—to repudiate the transfer of these shares, not by having the transfer enrolled upon the books, but by informing Mr. De Walt that he did not assent to that transaction, and paying to him the amount of the dividend which was attributable to those shares. Upon these circumstances he insists that he is not to be charged in respect of the shares

which came from De Walt. Admitting his liability as to the others which he obtained from Sauer, he paid to the receiver the amount coming against him under the statute upon those shares, but declined to pay the amounts which would arise, being the par value upon the shares transferred by De Walt to him; and this suit is for the amount upon those shares, and also for the dividend which was paid him on the twenty shares.

Upon these facts the question obviously turns upon whether Mr. Finn, acting as vice-president and as cashier of the bank, and active in its affairs during the time when these shares transferred to him by De Walt stood in his name upon the book, is to be charged; and if not so, whether, when he ascertained that the shares were in his name, in the early part of January, 1884, he was bound to do more than he did towards repudiating the transfer to him.

Now, upon the first proposition that he is chargeable with notice of the transfer of these shares to him, although he knew not of it, I think the principle is clear enough; and there are several authorities which sustain that view—two in particular I have brought here.

The first is *ex parte* Brown, 19 Beav. 97. Dr. Brown was a director of an insurance company called the "Newcastle-upon-Tyne." He had owned some shares in this company, and, as in the case of the Leadville bank, a man named William Henry Brockett had assumed chief control over the affairs of the company. In the language of counsel in discussing the case before the court, he had become the company. He was managing its concerns, and no one else who had been interested in it was giving much attention to its affairs. Dr. Brown sold his shares to Brockett, and gave him directions in respect to the transfer of them; but these directions were not carried out; and certain rules of the company—certain provisions incorporated in the certificate of incorporation—were not followed in respect to the transfer of the shares. In July, 1848, Brockett offered to buy Brown's shares at £1 each. Brown accepted the offer, and on the 9th of the same month gave notice, according to the usual practice, that he had sold his shares to Brockett, to whom he requested them to be transferred. On the first of August he received £75 from Brockett, and handed him his certificate, and afterwards had nothing to do with the company. Brown, in his affidavit, stated that during all the time he was director he never recollected any certificate being produced at the meeting of directors for the purpose of being canceled, and, so far as he knew, he had complied with all the formalities. There was, however, no entry in the register book, the old certificates had not been canceled, new ones had not been issued, there was no approval of the transfer, and, in short, none of the requisite formalities had been complied with. A clerk, in his affidavit, stated that before 1843 the mode of procedure as to transfers was to give notice to the board of the proposed transfer, and of the name of the purchaser, and, on the purchaser being approved, his name was entered in the register book, the old certificates were canceled, and new ones issued; but after 1843 the proper number of directors never attended, and the approval was by less number; and in and after 1843 Brockett was himself the entire board.

It is contended in this case that De Walt was the entire board, and he made the dividend, and did all things that were done there without authority from anyone.

At the time of Brown's transfer, Brockett, it was alleged, had 100, or at least such a number of shares as, together with Brown's, to exceed the prescribed limit of 100 shares. The significance of that is, by the

charter, or some regulation of the company, no one of the members could hold more than 100 shares. And that is the matter of which the master of the rolls talks first in his opinion. Afterwards he says:

"But the circumstance which has materially influenced my judgment, and to which I principally refer in this case, is this: Mr. Brown was one of the directors of the company; he therefore knew that by the eighth clause of the company's deed no business could be properly transacted unless five directors were present, and consequently that it was not in the power of the managing director alone to transact any business of this description for the company. In a former case (and there are other authorities establishing the same principle) I held that a shareholder of the company is not bound to have knowledge of what is contained in the books of the company; that he is not bound by any acquiescence in entries in books, which are merely produced at public meetings, and which he might, if he pleased, then look at; but as regards the directors of a company, the case stands on a totally different footing. A person when he becomes a director accepts a trust which he undertakes to perform for the benefit of the company. If, in the due performance of that trust, he must necessarily have acquired certain knowledge, it appears to me to be but fit that he should be charged with the knowledge of those facts which it was his duty to have become acquainted with. It is merely saying that a person shall be held to know that which it was his bounden duty to know. It appears to me that Mr. Brown was bound to know what took place at the meetings of the board of directors, of which he was a member, and that when he agreed to sell Mr. Brockett seventy-five shares he knew that Mr. Brockett could only hold 100 shares in the company, and that any entry of more was irregular and improper; that it was his duty to know, and that he had the means and opportunity of ascertaining, how many shares Brockett then held; and that he was not entitled to hold seventy-five additional shares. I must hold Mr. Brown to have had knowledge of that which he ought to have known, and whether he had actual knowledge of it or not, is, in my opinion, immaterial for the present purpose."

The other case is from the Supreme Court of Nebraska.* This was an action by the Merchants' Bank against Rudolf and others; and Rudolf, one of the defendants, was a director of the bank. Lewis & Marsh, who were concerned in the transactions out of which the liability of the defendants arose, also had one member of their firm in the bank. Rudolf & Co. pleaded, among other things, that these defendants were sureties, as plaintiff (that is, the bank) well knew; that after maturity of the note, Lewis & Marsh requested these defendants to become surety on other paper, which they refused to do unless this note had been paid; and, for the purpose of ascertaining this fact in that regard, went to plaintiff's bank, and the cashier there in charge (stating the purpose of the inquiry), and inquired in reference to the payment of the note in suit, and were by the cashier informed that the note was all paid except a small balance, against which the bank held ample security; and that Eaton, the cashier, at a number of other times when engaged in the negotiation of business of the bank, to induce these defendants to become surety for Lewis & Marsh on other paper, the proceeds of which went to the bank on account of Lewis & Marsh, said this note had been paid; and that these defendants, in faith of these representations, went upon the paper of Lewis & Marsh in the sum of more than \$7,692, on which they have since been required to pay, and have paid, sums amounting to \$7,692; that these defendants, at the time these representations were

* *Merchants Bank v. Rudolf*, 5 Neb. 527.

made, and for long after, were indebted to Lewis & Marsh in the sum of \$6,223, from which indebtedness, but for the faith and credit given to such statements, these defendants could and would have saved themselves harmless, and have paid this note; that this indebtedness these defendants paid to Lewis & Marsh long before any notice that this note was yet unpaid, and Lewis & Marsh, before said notice had become utterly insolvent, and these defendants are remediless, that Lewis & Marsh, after maturity of the note, made large deposits of money and collections with the plaintiff, and that the plaintiff took and held ample collateral security from Lewis & Marsh for the payment of the note, which might have been by the plaintiff realized and retained; and particularly that, just before the note in suit was due, Lewis & Marsh deposited with the plaintiff certificates of deposit of the Washington Bank of Iowa, in the sum of \$4,347.35, directed to be collected and credited on the note; that plaintiff knew the defendants to be sureties only, and that plaintiff allowed Lewis & Marsh to check out their moneys, and also applied the proceeds of the Washington Bank certificates to payment of other indebtedness of Lewis & Marsh, without consent or knowledge of defendants, and to their prejudice as sureties, depriving them of their right of subrogation; that Lewis & Marsh are insolvent, and defendants remediless." Now, this defense on the part of strangers to the bank obviously would be perfectly good, and so the court holds; but the defendants were not strangers to the bank, on account of one member of the firm being of the board of directors; and as to their standing in that respect, how this circumstance affected them, the court says:

"But while this is conceded to be the general rule, it is urged on the part of the plaintiff that these defendants are not in a situation to claim its protection, in consequence of the relation which Rudolf bore to the bank, and also to his co-defendant, Deck. It is insisted that, being the last president, and one of the directors of the bank, he was in a situation which required him to know the condition of its business, and must be conclusively presumed to have known whether said note had been paid or not. No case directly in point has been cited, but we apprehend that the rule contended for is the correct one. In 'Morse on Banks and Banking,' it is said that 'the general control of the government of all the affairs and transactions of the bank rests with the board of directors. For such purposes the board constitutes the corporation, the uniform usages impose upon them the general superintendency and active management of the corporate concerns. They are bound to know what is done beyond the merest matter of daily routine, and they are bound to know the system and rules arranged for its doing. Whatever knowledge a director has or ought to have officially, he has or will be conclusively presumed at law to have, as a private individual. In any transactions with the bank, either on his own separate account or where others are so jointly interested with him that his knowledge is their knowledge, he and his joint contractors will be affected by this knowledge which he has or which he ought, if he had duly performed his official duties, to have acquired.'"

Now, it must be assumed that Mr. Finn, when he became a director of this bank, and its vice-president, and assumed the duty of active management, was advised of the statute which required him to be a stockholder to a certain extent; that is, as to a certain number of shares. It must also be assumed that he had knowledge, or immediately became acquainted with the condition of the books; not only as to whether any shares were held by himself, but who were the stockholders in the bank

—whether there was the requisite number of stockholders, and who they were. Any investigation upon that subject would have led to the discovery that he was a stockholder to the extent of these shares (50). And therefore, upon the authority of these cases, it must be assumed that he had the knowledge that the shares were standing in his name; and that is a presumption, whether it stands upon estoppel or otherwise, which rests in the general policy in relation to these concerns—the general policy of the law, which must hold those who are active in setting up and maintaining a corporation to some knowledge of the condition of its affairs. So, also, as to his duty when he became apprised of the condition of things early in January. In the condition of the bank, with a flagrant and most outrageous act of swindling in declaring a dividend of 25 per cent. in an insolvent concern, upon the record of which it must be presumed he had knowledge, it was his duty to repudiate the transfer of these shares at once; he could not allow it to remain for a day. But he allowed his name to stand there, and all he did was to return the money to Mr. De Walt, who he supposed was the owner of these shares; he did not return the money to the bank from whence it came. I do not think the case touches upon the question whether a party shall be charged as a stockholder in a bank or other corporation without his consent. It is conceded that as a stockholder only one cannot be so charged. The authorities are numerous, and stand upon the soundest reason, that if one be put upon the books as a stockholder, without his consent, he shall not be held in respect to such stock; but when he concerns himself in the management of the corporation he vouches for its integrity, stands before the world as indorsing and maintaining it, and he must be liable for whatever the books show in respect to its condition.

The motion for a new trial will be overruled, and judgment entered on the verdict.

IN WHAT COURTS NATIONAL BANK RECEIVERS CAN SUE.

CIRCUIT COURT, N. D. ILLINOIS.

Armstrong v. Ettlesohn.

A declaration filed in the Circuit Court in Illinois averring that the plaintiff is a citizen of Ohio, and containing three counts—one upon a promissory note for \$875, one for money had and received, \$875, and one for work and labor, \$875—is sufficient upon demurrer to give that court jurisdiction, as the aggregate of the sums alleged to be in controversy exceeds the sum of \$2,000.

The receiver of a national bank in process of liquidation, having received his appointment from the Comptroller of the Currency, under the national banking laws, is an officer of the United States, and as such may sue in the Circuit Court, without regard to citizenship or the amount involved, under Rev. St. § 629, cl. 3, conferring upon that court jurisdiction "of all suits at common law where the United States, or any officer thereof, suing under authority of any acts of Congress, are plaintiffs."

BLODGETT, J.—This case is now before me on a demurrer to the declaration and a motion to dismiss. The question raised both by the demurrer and motion is one of jurisdiction of this court. The declaration contains three counts. The first is upon a promissory note of \$875, of which there is about \$900 now due; the other two counts are the usual common counts for money had and received, and work and labor done

—one charging that the sum of \$875 is due for money had and received; and the other, that the sum of \$875 is due for work and labor done. The declaration avers that the plaintiff is a citizen of the State of Ohio, and, as will be seen from the statement in regard to causes of action set out in each count, the aggregate of the sums alleged to be in controversy exceeds the sum of \$2,000. It was urged in argument that the only right of action that the plaintiff had against the defendant is upon a promissory note mentioned in the first count, and that may prove to be so when the case comes to trial; but upon the face of this declaration, which we can only look at under this demurrer, there appear to be three causes of action, which, when aggregated, make more than the amount required to give jurisdiction. So that, upon the question of citizenship and amount, the declaration seems to me to show jurisdiction.

There is, however, another ground for jurisdiction, which seems to me equally conclusive of the plaintiff's right to maintain this suit in this court. Clause 3, § 629, defining the jurisdiction of circuit courts of the United States, gives the circuit court jurisdiction "of all suits at common law where the United States, or any officer thereof, suing under authority of any acts of Congress, are plaintiffs." The plaintiff in this case is the receiver of a national bank in process of liquidation, and as such has the right to bring suits. He has received his appointment under the national banking laws from the Comptroller of the Currency, and is acting under such authority. In *Frelinghuysen v. Baldwin*, 12 Fed. Rep. 395, it was held, in a carefully considered opinion by Judge Nixon, that a receiver of a national bank is an officer of the United States, and as such may sue in the Federal courts; and the same rule was adopted by Mr. Justice Gray, at circuit, in *Price v. Abbott*, 17 Fed. Rep. 506, so that this plaintiff is entitled, in the light of these decisions, to sue in this court without regard to his citizenship or the amount involved. The demurrer and motion to dismiss are therefore overruled.

LEGAL MISCELLANY.

BANK — DIRECTORS — FRAUD. — The knowledge of the conspiring directors of the misappropriation of the funds is not imputable to the bank, or its agent who negotiated the loan, as their connection with it was not in their capacity as directors, but as county officers. [*Mayor, etc. Co. v. Tenth National Bank*, N. Y. Ct. App.]

BOND — PAYMENT — CONSTRUCTION. — A bond executed in North Carolina, June 1, 1863, is presumed to be payable in Confederate currency. [*Smith v. Smith*, S. C. N. Car.]

CORPORATIONS — ESTOPPEL. — Stockholders who organize themselves as a corporation, transact business, and hold themselves out to the world as such corporation, cannot, when proceeded against by creditors, set up as a defense that the preliminary steps of the organization were irregular. [*Aultman v. Waddle*, S. C. Kan.]

EVIDENCE — NEGOTIABLE INSTRUMENTS — ALTERATION. — A note which has been admitted without objection on a former trial of the action is admissible on the second trial, though it has been materially altered, where there is evidence that the vote was in the same condition as it was at the first trial. [*Graham v. Spang*, S. C. Penn.]

INDEMNITY BOND — BANK OFFICER. — Where an indemnity bond given

by a bank clerk and the resolution of the bank appointing him were in blank as to the official designation of his position, and while so employed made false entries in the book and became a defaulter: *Held*, that the bond remained in force, although the surety contended that his appointment was to the position of teller and the bond given as such, but the defalcation was made by him as bookkeeper. [*Appeal of Vogley*, S. C. Penn.]

NATIONAL BANKS—LIABILITY OF DIRECTORS.—*Held*, that directors of a national bank were not liable for acts of the cashier in violation of the banking law done without their participation or knowledge where the directors were selected by the principal owner of the stock as advisors, it being understood that they were unused to the banking business and the cashier had considerable experience therein. [*Clews v. Bardon*, U. S. C. C. Wis.]

NEGOTIABLE NOTE—ACCOMMODATION PAPER.—F procured for his accommodation the execution to him of a note by defendant, which he took to plaintiff, and on the representation that it was regular business paper, which he could not get indorsed, without an additional indorser, obtained plaintiff's indorsement after his own, and had it discounted. Upon its protest for non-payment, plaintiff, as indorser, paid and obtained possession of it: *Held*, that in the absence of any evidence that plaintiff assumed the liability of a guarantor, or was jointly liable with defendant, he was entitled to recover from defendant as an indorser for value. [*Reinhart v. Schall*, Md. Ct. App.]

PAYMENT—NEGOTIABLE SECURITIES.—One F borrowed from G money, giving a certificate for shares of stock in a company worth about \$3,000, as collateral security, it being agreed that if the note was not paid, F was to "transfer such certificate" in payment of the note: *Held*, that the non-payment of the note at maturity and the receipt by G of monthly dividends on the stock did not effect such transfer of the certificate as to cancel the note. [*Fullerton v. Mobley*, S. C. Penn.]

CORPORATIONS—OFFICERS—LIABILITY TO STOCKHOLDER—PLEDGE.—In an action on a note, defendant pleaded that certain shares of stock in a corporation of which plaintiff was an officer were delivered as security for the note; that by plaintiff's negligence and misconduct as such officer the stock subsequently greatly depreciated in value, to defendant's damage: *Held*, that this defense was not available. [*Palmer v. Hawes*, S. C. Wis.]

GUARANTY—STATUTE OF FRAUDS—JUDGMENT.—An accommodation indorser of a note who has an interest in a judgment against the maker, and who, being held as indorser, borrows money to pay the note uniting with his co-owner in an assignment of the judgment to the lender to secure him, and guaranteeing its payment, makes the guaranty for his own benefit, and the undertaking is not within the statute of frauds. [*Little v. Edwards*, Md. Ct. App.]

NEGOTIABLE INSTRUMENTS—DRAFTS—ACCEPTANCE.—One who writes a draft directed to himself, payable to the drawer's order, and accepts it without the signature of the drawer, and delivers it to him to enable him to raise money, gives him authority to sign it, and is liable to an indorser for value before maturity, though it was not signed till after indorsement, on refusal of the acceptor to pay on that ground, and had been accepted without consideration. [*Hopps v. Savage*, Md. Ct. App.]

NOVATION—EXTINGUISHMENT.—To constitute a novation of parties there must be an extinguishment of the old debt by a mutual agreement between all parties, whereby it becomes the obligation of the new debtor. The discharge of the old debt must be contemporaneous with and result from the consummation of an arrangement with the new debtor. [*Corawell v. Meigns*, S. C. Minn.]

USURY—ILLEGAL INTEREST—LEX LOCI.—Note dated and payable in Boston, but taken in New York: *Held*, that the transaction was governed by laws of New York, and that under the evidence it was void for usury. [*Holmes v. Maning*, S. J. C. Mass.]

USURY—PAYMENT—NOTICE.—One who pays a usurious mortgage without notice of the usury, at request of mortgagor, may recover from him the sum so paid. [*Perdue v. Brooks*, S. C. Ala.]

THE FRENCH BUDGET.

In the following pages I propose to describe briefly—

- (1) The legal mechanism of the French budget ;
- (2) The present financial position of France, from the point of view of her expenditure ;
- (3) Her system of taxation.

THE BUDGET.

In France the budget (a term borrowed by the English from the Old French word *bougette*, or bag, and re-appropriated by the French) means a statement in advance—restrictive, imperative, compulsory, and public—of the annual receipts and expenditure of the State or of other services subject to the same regulations. The period of currency of a budget is called its “exercice,” and runs from the passing of the Financial Act by which it is opened to the passing of the Settlement Act by which it is closed. Nothing is reckoned as belonging to an “exercice,” but the work done and the rights acquired between the 1st of January and the 31st of December of the year to which it applies. On the 31st of December there of course remain payments to be made and taxes to be got in, belonging to the year just ended, and, in order to close the accounts of the year, a period of eight months is allowed, all payments being required to be settled and audited by the 31st of July, and actually paid by the 31st of August following. Any money which remains over at the last-mentioned date is carried to a general fund called “annulation de crédits”—that is, canceled supplies.

The budget may be increased in two ways—namely, by supplementary estimates to cover the insufficiency of a vote included within the budget, or by extraordinary estimates which provide for any imperious and urgent claim or for some entirely new branch of service. The accounts ought to be finally passed at the latest within five years after the opening of each budget ; and, contrary to the English custom, the votes are subject to what is called the “spécialité par exercice”—that is to say, each vote is only applicable to the service of the particular year for which it is voted. The carrying over of money voted but not

spent from one year to another is forbidden in principle; it may, however, be authorized, under special circumstances, by special Act.

The "exercice" of each year having thus closed on the 31st of August of the next year, the bill for final settlement of that budget, together with the accounts on which it is based, is bound to be brought into the Chamber by the end of February in the year following. This provision of the law of the 19th of July, 1836, is, however, not always observed, and at one period the settlement of the budgets had fallen terribly into arrear; thus, in March, 1887, the Chamber had not yet passed the final settlement of the budgets of 1876-84, the bill for winding up the budget of 1885 had not even been brought in, the budgets of 1886 and 1887 were still in course of "exercice," and the estimates for 1888 had still to be discussed—in all, thirteen budgets. These arrears have now been worked off, but there are still three or four budgets before the Chamber—namely, that of 1886, the final settlement of which is delayed; that of 1887, of which the "exercice" closed on the 31st of August, 1888; the budget of 1888, still in "exercice"; and the budget of 1889, which is in course of preparation.

THE VOTING OF THE BUDGET.

The preparatory proceedings for voting the budget of 1888 commenced as early as the end of 1886, so that fifteen months will have elapsed between its first commencement and its final elaboration. The budget ought by ordinary custom to be laid on the table about March; this year M. Peytral's budget for 1889 was not brought in till the 24th of June, 1888. The first batch of papers contains a preliminary statement by the Minister of Finance, a comparative table of the supplies asked with those of the current year, and an estimate of the revenue; and a week after the distribution of these papers the budget committee is nominated. In 1887 the committee was elected by the whole House by *scrutin de liste*; this year, in accordance with the rules of the House, it was elected by the *bureaux*. The members of the Chamber of Deputies are divided into eleven *bureaux*, chosen monthly by lot. For the budget committee, which consists of thirty-three members, each *bureau* names three members after a preliminary general discussion of the budget. This mode of election is open to the objection that it may be greatly influenced by intriguing combinations, and trusts too much to chance; it may well be that five or six men whose special knowledge would be very useful to the budget committee all belong to the same *bureau*, while another *bureau* may be wanting in candidates, or, at all events, in competent candidates.

Seats on the budget committee are much sought after in the Chamber, for, of all the committees, this is the one which carries most real power. It is like a second Ministry set up in the face of the actual Cabinet; and thus it happens that in moments of general irritation its proceedings are as severely criticised as those of the Ministry itself. Only, the budget committee cannot resign; it represents the principle of permanence, for its powers continue from the first introduction of the budget it is elected to examine until the introduction of the next budget.

Many complaints are made, especially by the Senate, of the length of time which the committee devotes to the examination of the budget—five months and twenty-one days were spent over the budget of 1882, nine months and seven days over that of 1883, nine months and twelve days over that of 1884, nine months and twenty days over that of 1885, three months and twenty-four days over that of 1886 (the year of the

general election), ten months and nineteen days over that of 1887, and eleven months and twenty-five days over that of 1888. The Senate, on the other hand, passes the budget fifteen or twenty days after it comes up from the Chamber. It must, however, be borne in mind that the papers having been distributed in the Senate and the Chamber at the same time, both the Financial Committee and the individual members of the Senate have had ample opportunity of studying them beforehand, together with the reports of the budget committee of the Chamber on each department.

These lengthy proceedings are not due to want of activity in the members of the budget committee; but the fact is that in the two last years they have had to go into several successive budgets. In 1887, M. Dauphin's budget, brought in on the 22d of March, was rejected by the Chamber, and was followed, on the 5th of July, by M. Rouvier's, which, in its turn, was abandoned by M. Tirard, who introduced a third—the one now in course of "exercice"—on the 12th of January, 1888.

Under the First Empire the budget was passed *en bloc*, the Government subsequently distributing the amount amongst the various departments by decree. In the time of the Restoration it was voted in sections; under Louis Philippe by chapters (each section being divided into chapters, and a chapter containing a series of votes). The decree of the 25th of December, 1852, ordained that the estimates should be voted separately for each department, and subdivided into chapters by the Council of State, the Government reserving the right of making "virements"—that is, of transferring items from one chapter to another. The *Senatus-consultum* of 1869 re-established voting by chapters.

Step by step, as the budget committee has resolved to exercise a stricter control over the expenditure of the departments, the number of the chapters has risen from 481 in 1883 to 655 in 1888; and the Ministers no longer retain any power of making "virements." The budget committee works very hard. It comprises men of great authority, either on financial questions generally or on particular departments; in 1887, for example, it included among its members six ex-Ministers and two Under-Secretaries of State. Its discussions are rapid; set speeches are seldom made, and have no weight; accurate facts, precise language, clear thoughts, carry the day.

Having thus explained the machinery of the French budget, I will proceed to discuss the budget bill of 1889 as presented to the budget committee.

THE ORDINARY BUDGET.

Article I. sets forth that credits are opened to the Ministry for the ordinary expenses of 1889, as stated in Schedule A, to the Act, applicable as follows:

	<i>Francs.</i>	<i>£ (about).</i>
(1) Public debt.....	1,291,676,345	51,667,054
(2) Public authorities—the President, Parliament, &c.....	13,263,083	530,523
(3) General departmental expenses.....	1,355,926,755	54,237,070
(4) Collecting and other expenses of revenue	327,853,769	13,114,151
(5) Reimbursements, drawbacks and bounties	22,032,700	881,308
	<hr/> 3,010,752,652	<hr/> 120,430,106

- (1) The National Debt consists of three sections—namely:
- (a) The funded debt.
 - (b) Debt repayable at a fixed date, or by terminable annuities.
 - (c) Life annuities.

(a) The funded debt imposes at present an annual charge of—

	<i>Francs.</i>	<i>£ (about).</i>
4½ per cent. Rentes.....	305,540,000	12,221,600
3 " " ".....	436,005,000	17,440,200
	741,545,000	29,661,800

The amount of interest on the funded debt at the principal periods of French history in the nineteenth century stood as follows:—

<i>Date.</i>	<i>Number of Fundholders.</i>	<i>Annual Charge in £ Sterling.</i>
April 1, 1814.....	137,950	2,532,305
August 1, 1830.....	195,970	8,095,247
March 1, 1848.....	747,744	9,771,490
January 1, 1852.....	810,301	9,710,979
January 1, 1871.....	1,269,000	16,119,100
January 1, 1888.....	4,141,281	29,619,092

(b) The estimate for the debt repayable at fixed terms or by way of terminable annuity amounts to 335,335,000 francs (£13,413,400). Last year in M. Rouvier's budget the figure came to £14,600,000. But last year the votes under this head included £4,200,000 for redemption of debt, of which £1,200,000 was for meeting sexenary bonds which had matured. The Government proposals for this year make no provision for payment of such bonds. It is the custom to issue bonds at six years; and since 1881 these bonds have been to a considerable extent renewed instead of being paid in full. Thus, in 1882, only a little more than four millions were paid out of nearly seven; in 1883, five and a half out of seven; and so on; and in 1888 only something over half a million out of four millions, and in 1889 it is not proposed to pay any, so that by the 31st of December, 1889, there will be more than twenty million pounds of sexenary bonds running, the last maturing in 1895. France, therefore, is in the position of an embarrassed trader who is reduced to renewing his bills.

The accounts of the debt payable by way of terminable annuity include also £472,000 interest on short Treasury bills issued to meet guaranteed interest on railways. The total amount of these bills issued or authorized to be issued exceeds ten millions sterling. In principle they are only advances to the railway companies, but, until repayment, they constitute part of the National Debt. The Government makes loans also for two other purposes—namely, for communal roads and for colleges and primary schools. These loans are raised by bonds at long dates; £6,600,000 have been issued, and a somewhat larger amount still remains to be issued.

(c) The life annuity fund, devoted to pensions, comes to £8,671,800 a year, of which £3,688,000 goes to war pensions for the army and £1,260,000 to the navy, while the civil pension list takes £2,456,000. In 1822 civil and military pensions together amounted to less than four millions, in 1852 to less than two millions and a half. The civil pension law of 1853, the gradual rise in the scale of pensions, and the introduction of new categories of annuitants have together operated to raise the Government contribution under this head to £7,180,000 while the fund arising from deductions from salaries yields only £1,500,000. This burden will become more and more crushing unless the whole system of our retiring pensions be modified. It is a result which ought to give food for reflection to those who are proposing that the State should grant pensions in old age to all its citizens.

The following table shows approximately in millions sterling the growth of the public debt since 1869 (the last budget under the Empire).

For the years previous to 1888 I have taken, not the votes, but the amounts actually spent. The percentages are more exactly given :

	1869	1876	1886	1888	Increase per cent. in 1888 as compared with		
					1869	1876	1886
Funded debt.....	14½	30	28½	29½	105	*	4
Debt repayable at fixed date or by terminable annuities.	4	11½	17	13½	237	19	†
Life annuity debt.....	3½	4	7½	8½	146	102	10
	22	45½	53	51½			

(2) *Public authorities—the President and Parliament.*—We have now reached the second branch of the proposed law, which includes the following items :

Salary of the President.....	£24,000
Housekeeping and traveling expenses of the President.....	24,000
Expenses of the Senate.....	184,000
“ “ Chamber of Deputies.....	298,523
	£530,523

Under the Restoration the allowances to the King and royal family amounted to £1,360,000, and, together with the expenses of the peers and Chamber of Deputies, reached a total of £1,467,200. Under the Government of July these expenses fell to £615,200; but under the Empire in 1869 they had risen to £2,050,280. In 1876 the cost of the President, the Senate, and the Chamber stood at £518,080, and the increase since that date is due mainly to an extra allowance of £12,000 to the President for traveling expenses and to the increase in the number of deputies.

(3) *General Departmental Expenses.*

In the estimates for 1889 these votes amount to.....	£54,237,070
If we deduct from this total—	
(a) The military estimates.....	£22,268,680
(b) The naval estimates.....	7,706,440
	29,975,120

we shall find that there remains for the other department-
ments..... £24,261,950

Out of this sum the Ministry of Public Instruction and of Fine Arts takes £5,950,480, and the Ministry of Public Works £6,833,000. It is not very easy to compare the growth of these departmental estimates at different periods, for some votes are from time to time included in or excluded from this chapter of the budget without observing any uniform system. For example, a sum of £2,587,840 for extraordinary public works appears in it at present, which at other times would have been found elsewhere. But the table on the next page gives as accurately as possible a comparison of the departmental estimates for 1869, the last budget of the Empire; for 1876, the last budget passed by the National Assembly; for 1886, the last budget of the Parliament of 1881-5; and for 1888.

* Decrease about 1 per cent.

† Decrease 24 per cent.

GENERAL DEPARTMENTAL EXPENDITURE.				COMPARISON OF 1888 WITH PREVIOUS YEARS.						
Departments.	1869 (paid).	1876 (paid).	1886 (paid).	1888 (Voted).	With 1869.		With 1876.		With 1886.	
					Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.
Finance.....	£887,000	£792,000	£1,051,000	£656,000	£182,000	—	£136,000	—	£399,000	—
Justice.....	1,881,000	1,304,000	1,560,000	1,500,000	—	£56,000	—	£196,000	60,000	—
Public Worship.....	2,181,000	2,149,000	1,837,000	1,814,000	366,000	—	334,000	—	19,000	—
Foreign Affairs.....	515,000	450,000	632,000	544,000	11,000	—	—	93,000	88,000	—
Home Affairs.....	3,018,000	3,416,000	2,432,000	2,632,000	384,000	—	782,000	—	—	201,000
Post and Telegraph..	29,000	30,000	68,000	75,000	—	45,000	—	45,000	—	7,000
War.....	16,835,000*	20,001,000	23,263,000	21,875,000	—	4,640,000	—	1,474,000	1,787,000	—
Admiralty.....	6,178,000	5,649,000	9,314,000	7,316,000	—	1,141,000	—	1,674,000	1,998,000	—
Colonies.....	1,105,000	1,189,000	1,573,000	2,403,000	—	1,282,000	—	1,253,000	—	830,000
“ (Protectorates)	—	—	221,000	23,000	—	—	—	—	198,000	—
Education.....	1,541,000	1,991,000	5,387,000	5,328,000	—	3,786,000	—	3,336,000	58,000	—
Fine Arts.....	237,000	267,000	603,000	498,000	—	261,000	—	230,000	104,000	—
Commerce.....	—	—	910,000	838,000	—	—	—	829,000	93,000	—
Agriculture.....	704,000	455,000	872,000	846,000	—	—	—	—	—	—
Public Works.....	4,574,000†	3,064,000	4,016,000	4,122,000	392,000	—	—	1,118,000	—	165,000
	£39,282,000	£39,555,000	£54,639,000	£53,043,000	Increase, 35 per cent.		Increase, 34 per cent.		Decrease, 3 per cent.	

* The total sum amounts to £18,344,000, but from this sum £1,530,000 falls to be deducted for the civil expenditure in Algeria (in 1876, £1,247,000).
† Not including £2,992,000 for extraordinary works.

It will be seen from the comparative statement given there that the principal augmentations of expenditure have taken place in the departments of the Army and Navy, of Public Instruction, and of Agriculture and Commerce. The general expenses of the other departments have hardly varied at all. The budget of 1888 for departmental expenses is 35 per cent. higher than the budget of 1869, 34 per cent. higher than that of 1876, and 3 per cent. higher than that of 1886; and the budget proposed for 1889 shows an increase of 2.3 per cent. over the budget of 1888.

(4) *Expenses of the Collection and Management of the Public Revenue.*—The collection of the Revenue costs £7,148,960, of which the collection of the direct taxes (excluding Algeria) takes only £152,720. But it should be understood that this branch includes the expenses of the State manufactures and industrial undertakings. For example, £1,800,000 must be set down to the purchase and carriage of tobacco, £5,348,880 to the administration of the post-office, and £613,840 to the management of the forests. The total expenditure under this head comes to £13,114,151. The following figures show the corresponding expenditure at various periods:—

1869	{ Actual expenditure.....	{ £ 9,048,000
1876		
1886		
1888		
1888	Voted estimate.....	13,031,920

(5) *Reimbursements, Drawbacks, and Bounties.*—These items amount in all to £881,308; in 1869 they were £421,680; in 1876, £1,781,360; in 1886, £912,960; and in 1888 (as voted), £814,000. The large figure for 1876 is accounted for by the purchase of the match factories.

This concludes my survey of the ordinary expenditure, but it is far from comprehending the whole of the budget.—*Contemporary Review.*

[TO BE CONCLUDED IN THE NEXT NUMBER.]

DEATH OF A WILDCAT.—As a typical case of the abjectest failure the Nemaha Valley bank of Brownville may be taken. After the time when the cashier, seeing reason to anticipate a run, had thoughtfully locked the front door and slipped out the back one, the editor of *The Brownville Advertiser* obtained leave to examine the books, and announced in the next issue of his paper that everything was sound, only time was needed. According to his account there was \$33,000 of the Nemaha Valley currency in circulation. The assets of the concern consisted of "stock notes, \$73,000; discounted paper at thirty and sixty days, over \$5,000; cash, over \$1,000." It surely required a western journalist, characteristically impressed with the need of maintaining public confidence, to state that such a condition of things indicated soundness. Suppose, for instance, that it should transpire that the "stock notes" were virtually worthless. Such a thing was not uncommon, as the stockholders of the old State banks used often to "pay up" their capital by giving their personal notes, and then when occasion offered they could take measures to make these notes entirely worthless. Suppose, further, that the discounted paper had been received from those who were not reliable, at least in a financial crisis. Suppose also that the alleged "cash" consisted of the bills of other banks as worthless as the one under investigation, and suppose, finally, that the books had been "fixed," and that in reality much more than \$33,000 of currency had been issued. Such was very nearly the condition of the Nemaha Valley bank. The machinery of the courts was put in motion to enforce the redemption of the currency, and nearly \$1,000 of the old bills are stored among the records of the district court. Property was levied upon that usually turned out to belong to some one else, and finally the sheriff reports having levied upon and sold a safe, a table, a stove and a letter press, which altogether brought \$63. The last plea which the absent president ventured to make was, that the so-called "Nemaha Valley Bank" could not be sued, since in reality it had not been legally incorporated at all.—*Overland Monthly.*

BOOK NOTICES.

The Economic Interpretation of History. By JAMES E. THOROLD ROGERS, Professor of Political Economy in the University of Oxford, and of Economic Science and Statistics, King's College. London and New York: G. P. Putnam's Sons. 1889.

When one reads an economic book of this nature, replete with well-digested facts and conclusions, he awakens to the enormous mass of thin fact, overlaid with thinner reasoning, called economic literature, which is flooding the world. Of course, the same remark may be applied to other fields of literature. But as a portion of the economic domain lies within the experience of so many, political economy has suffered peculiarly from quacks and dabblers. The present volume is a welcome addition of great value, is indeed one of the few books worthy of a permanent place in a carefully-selected economic library.

The distinguished author has found out the thinness of our political economy, the narrowness of many of its assumptions, and the failure of economists at every turn to do, what they have professed should be done, to test their conclusions resting on assumptions by the facts which they are supposed to interpret. In his preface he says: "I began to discover that much which popular economists believe to be natural is highly artificial: that what they call laws are too often hasty, inconsiderate and inaccurate inductions, and that much which they consider to be demonstrably irrefutable is demonstrably false. I have often had to conclude that the best-intentioned thinkers and writers have been supremely mischievous, and that, in attempting to frame a system, they have wrecked all system. It must, I think, be admitted that political economy is in a bad way; its authority is repudiated, its conclusions are assailed, its arguments are compared to the dissertations held in Milton's Limbo, its practical suggestions are conceived to be not much better than those of the philosopher in Laputa, and one of its authorities, as I myself heard, was contemptuously advised to betake himself to Saturn. Now all this is very sad. The books which seemed to be wise are often compared to those curious volumes of which the converts at Ephesus made a holocaust. And the criticism is just. . . . The worst of it is that they are so profoundly ignorant of the social facts on which they profess to be dogmatic."

The opening chapter is devoted to the economic side of history, in the course of which the writer explains the relations of capital and labor. "Wealth," he says, "is of two kinds, passive or unproductive, and active or productive, the former being constantly and regularly a reserve upon which the latter may draw. This double function of wealth explains the rapidity with which, in times of exalted demand, wealth is readily turned into the active form, profits increase, workmen are employed and finally wages rise. . . . The function of capital is to secure the continuous employment of labor and as far as possible to equalize prices and profits." With this as a starting point he proceeds to show first the effects of early legis-

lation on labor, which he finds to have been degrading. In 1825 the whole of the labor laws were swept away. "Thenceforward the whole subject was remitted to the common law and to the dangerous interpretations which judges have given of what they are pleased to call constructive conspiracy, the most elastic instrument of tyranny which can be devised." The writer then proceeds to discuss rent, famines, and the character of English agriculture, together with its relations to prices, wages, and the economic life of the people. Then comes a statement of the social effects of religious movements in English history. This theme has no necessary connection with the subject in hand, although the writer eventually welds it into the general discussion by saying that "I have no doubt that the remarkable progress of the working classes in the fourteenth, fifteenth and first half of the sixteenth centuries were intimately connected with the destructive criticism which Wiclif and his followers brought to bear on the established creed and its representatives." Discussing next the intercourse of nations and the economic fluctuations coincident with the discovery of new countries and the consequent change in the arteries of trade, the writer proceeds to show the character of early taxation and the difficulties involved in finding an equitable basis. Then comes a still more interesting though kindred subject. "The Distribution of Wealth in England at Different Epochs." With the history of agricultural rents he reaches a vexed question that still lacks an equitable solution. After a long discussion of the various theories of rent, coupled with facts in his own observation, he says: "The land owners of the eighteenth century made the English farmer the best agriculturist in the world; the land owners of the nineteenth century have beggared him." Metallic currencies and paper currencies are then traced, in order to show the interpretation of money values in the economical history of England. The origin and progress of English pauperism is duly set forth with its causes, and the historical effects of high and low prices are stated, the conclusion being that the remedy for existing agricultural evils does not reside in the artificial restoration of high prices. From this point forward the discussion comprehends the following topics: "Domestic Manufactures," "The Guild and Apprentice System," "The Rise and Progress of Colonial Trade," "The Origin and History of Laissez Faire," "The History of the Protectionist Movement in England," "The Interpretation of Export and Import Tables," "The Estate of the Crown and the Doctrine of Resumption," "Public Debts," "The Theory of Modern Taxation," "The Object of Local Taxation in England," "The Policy of Government in Undertaking Service and Supply."

This work was first given to the public in the form of lectures delivered in Worcester College Hall, Oxford, last year, and the style bears the lecture-mark; but if sometimes lacking in conciseness, it is lighted with an earnestness and humor which are the more welcome, because unexpected. There is nothing "dismal" in this work, unless it be the strong and justifiable attacks on impostors who for so long a period have been trying to enlighten the public with wind. The book is marvelously rich in interesting facts and many, we are sure, for whom economic literature has no attraction, would be delighted in reading these bright pages.

A Compilation of Constitutional Provisions, Statutes, and Cases Relating to the System of Taxation in the State of New York. Prepared by JULIEN T. DAVIES. The Troy Press Company, Printers. 1888.

This compilation, Mr. Davies explains, was prepared by request of the committee on taxation and retrenchment of the Senate of the New York legislature. The work begins with a general statement of the system of taxation in the State, which is followed by the constitutional and statutory law on the subject, and their interpretation by the courts. The arrangement of the work is excellent, and this is one of the most desirable features in a work of this character. Then the points of the cases are clearly and accurately stated, so that one can get a good conception of the law now existing on this subject. Indeed, the work shows that Mr. Davies is a master of this field, and it will be gladly welcomed by lawyers and all who are interested in administering the law, or legislating on taxation. The form of the work, doubtless, would have been somewhat different had it been prepared wholly as a guide to lawyers and administrators, but it is none the less valuable. Though the principles of taxation are here put together in perhaps as systematic form as possible, the work reveals all the more clearly the incongruous mass of legislation and judicial construction on the subject, and the need of a thorough revision. It is a misnomer to call the existing laws a system, they are for the most part a quagmire, nor is there any reason whatever for the neglect to improve them.

Development of Transportation Systems in the United States. Comprising a comprehensive description of the leading features of advancement, from the colonial era to the present time, in water channels, roads, turn-pikes, canals, railways, vessels, vehicles, cars, and locomotives; the cost of transportation at various times and places by the different methods; the engineering, mechanical, governmental, and popular questions that have arisen, and notable incidents in railway history, construction, and operation, with illustrations of hundreds of typical objects. Edited and published by J. L. RINGWALT, *Railway World* office, 420 Library street, Philadelphia. Four hundred and forty-five imperial quarto pages. Price five dollars.

This work consists of a series of articles that originally appeared in the *Railway World*. The contents are arranged under four comprehensive headings, viz.: "Before Railways," "Railway Infancy," "Railway Youth," and "Railway Manhood." Numerous topics pertaining to each of these subdivisions are discussed, and the work represents an earnest effort to explain salient features of all the widespread ramifications of railway development in this country, together with extended notices of other agencies of transportation that preceded the railway, and now act as auxiliary or competing forces.

The work starts at the beginning, and steadily keeps in view the fact that in transportation not only the consolidation engine and the 100-pound rail, but the canoe and the common road have their recognized place. As there is a logical connection between the papyrus or parchment that registered the triumphs of an ancient monarch, and the gigantic journals

that print a whole novel in a supplement, so has there been a steady development from the crude transportation appliances of Indians to the elaborate systems of great trunk lines.

It would be quite impossible within our space to give more than a general description of this useful work. One of the chapters, however, which may be especially interesting to our readers relates to "Early Railway Financiering." He says that "it was an exceedingly difficult thing, requiring an immense amount of persistent effort, to secure the money necessary to construct any lengthy or extensive line, without State aid. The most notable achievement of that kind during the period under consideration was the completion of the Delaware and Raritan Canal, and the Camden and Amboy Railroad and its branches, by the United Company of New Jersey, not only without advances from New Jersey, but under conditions which insured the payment of a considerable sum annually into the treasury of that State, and the establishment of these enterprises on a basis which rendered them profitable to their owners, and afforded satisfactory security to their creditors. About one-half the original cost of these works was contributed by stockholders, and the remaining half, or about \$3,000,000, raised by a loan negotiated in England by Commodore Stockton. It was the largest sum that had then been advanced by foreign capitalists to any American transportation company that was not backed by State credit."

Complete indexes, with an extensive system of divisions and sub-headings, enable the reader to find easily anything in the book. The accuracy of detail and abundance of practical material will serve the needs of many who are industrially connected with railroads, and the diversified employments which owe their origin or sustenance to transportation. The book is a most timely addition to our scant railroad literature, and is valuable, not only for what it contains, but also for quickening, as no doubt it will, the spirit of others to cultivate that extensive field.

Outlines of a New Science. By E. J. DONNELL. New York and London: G. P. Putnam's Sons. 1889.

This is another addition to the free trade and protection controversy. The author's more striking ideas may be found in his conclusions. He affirms that all surplus value is the fruit of commercial exchanges; that these are most active where productive industry is the most vigorous; therefore, the supreme duty of statesmanship is to use all the constitutional powers of the government in clearing away obstructions to freedom of exchange, whether they spring from monopolies or lack of means of communication or other obstructions. He further asserts that the productive powers of labor per capita in this country, in nearly all staple commodities, is greater than in any other country as a whole, and that our specialties in this respect are more numerous and important than those of any other country, and that, as the restrictions on our commercial exchanges are more oppressive than in any other of the advanced industrial nations, "our danger is greater and the demand for a scientific remedy more imperative than elsewhere."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

EFFECT OF WAIVER OF PROTEST WHERE THERE ARE TWO INDORSERS.

A. gives his note to B. four months after date, and makes it payable at his bank. At the top of the back of the note the words "protest waived" are written, and then follows B. and C.'s indorsement, and the bank's indorsement for collection. The note is sent to the bank, where it is made payable for collection, and there being no funds to meet it, the note is protested, the bank claiming as excuse for protesting that the waiver of protest only applied to one indorser, but not to the others. To whom does it apply?

REPLY.—The courts have replied differently to this question. In Maine, when a waiver of protest is thus written over the names of two or more indorsers, it is considered as the waiver of all. The question was so decided in *Parshley v. Heath* (69 Me., 90), Barrows, J., saying: "We think that where the first indorser of a piece of negotiable paper, instead of restricting his written waiver of demand and notice to himself, uses language which may fairly be understood to apply to all the successive parties, those who merely offered their naked signatures beneath his must be held to adopt the written waiver, and be bound by it. . . If either indorser desired to make his contract differ from that which a natural construction of the words preceding his signature would import, it would be easy for him to exclude himself from their operation by placing before his own signature the words 'requiring demand and notice,' or something equivalent. If he neglects this, the fair presumption is that he intends to adopt the language of the previous signer, and make the same contract."

On the other hand, in Massachusetts a different rule has been established. In *Central Bank v. Davis* (19 Pick., 373), a waiver was on a note indorsed first by Roberts and then by Davis. The court said that "the written waiver on the back of the note was the act of Roberts, the first indorser. . . It was his personal act, and does not bind any one else."

Which of these rules is the most reasonable? We certainly think the last is. If each indorser, when there are several, intends to waive notice of protest, he should write to that effect. Usually his indorsement is his own independent act, and we are not impressed with the force of Judge Barrows' reasoning. We do not know why the express contract of a prior indorser should be regarded as an implied contract made by himself. If he intended that it should bind him he should say so, and if remaining silent, this fact should be regarded as conclusive that he did not intend to waive notice, or any right to which he was entitled.

BANKING AND FINANCIAL ITEMS.

NEW YORK.—A building which promises to be one of the most expensive and substantial of the many to be erected in the lower part of the city during the spring and summer of the present year is that to be built by the Union Trust Company on the east side of Broadway, between Wall street and Exchange Place. This company has recently purchased from Thomas C. Platt, president of the United States Express Company, the six-story brick office building at No. 82 Broadway. This property has a frontage of 23½ feet both on Broadway and New street, and the consideration was \$400,000. The Union Trust Company now owns property extending about 72 feet along Broadway and running through to New street, along which it extends about 76 feet. The intention is to begin building on it as soon as possible after May 1. Several of the leading architects of the city have been invited to submit plans for the building. The only rule which they are requested to bear in mind is that the building proposed is to furnish suitable accommodations for the transactions of the Union Trust Company's business, and is to be in other respects such as will bring in the best proportionate return on the proposed outlay of capital.

RICHMOND, VA.—The Planters National Bank is one of the flourishing banking institutions of the South. With a capital of \$300,000 the statement for January 1st shows a surplus fund of \$350,000, and undivided profits to the amount of \$17,357.58. These are the items which make a strong bank and hold the confidence of customers.

JERSEY CITY.—The depositors of the defunct Germania Savings Bank, Jersey City, which was wrecked by the defalcation of Cashier Schroeder, have been paid 70 per cent., and they are anxious to get the balance. Among the assets were \$20,000 of Secaucus road bonds, which were rendered worthless by a recent decision of the Court of Errors. The depositors have been making ineffectual efforts to get a settlement, and they decided last night to begin proceedings against Schroeder's bondsmen for \$30,000, which will cover the amount due the depositors.

THE AMERICAN SURETY.—The American Surety Company, of New York, well illustrates the progress of fidelity insurance and the increasing recognition of its value by the business community. Holding 50 per cent. of its premium on bonds in force as a reserve fund, the company shows, January 1, 1889, \$356,413.36 of surety premiums on outstanding contracts, against \$256,823.48, January 1, 1888, and this means that the American Surety increased its business about 28 per cent. last year. Notwithstanding the necessary increase in its unearned premium liability the company's net surplus was \$138,191.24, January 1, 1889, against \$82,161.27, January 1, 1888, upon a corresponding basis; and such accumulation is attained after paying 3 per cent. semi-annual dividends upon the company's \$1,000,000 capital. Commencing so late as April 14, 1884, in a business comparatively untried in the United States, this company has proceeded with a payment of less than 25 per cent. of premium for losses; and this is test of capacity of management. It will be remembered that fidelity guaranty is a protective as well as indemnifying method, and its loss payment is greater or less in proportion to the efficiency of its surveillance.

CHESTER, Pa.—The stockholders of the Delaware County Trust, Safe Deposit and Title Insurance Company of Chester on Tuesday voted to increase the capital stock to \$500,000. A proposition looking to a merger with the Chester Bank and Saving Fund was also favorably considered, and a committee was appointed to report a plan of consolidation at a subsequent meeting.

MASSACHUSETTS has placed a 3 per cent. loan of \$815,000 with thirty years to run, at a price averaging \$108.94 per \$100. This will yield only 2¼ per cent. to the buyers. This amount of bonds is more than the whole of the State debt of Kansas, but it may be asked what makes this high premium and low rate of return. The credit of that State is so good that holders of State bonds know for a surety

that the bonds are good and their interest safe. Here is an example which it would be well for this State to emulate. Limit the power of municipalities to create debt beyond a certain proportion to assessed valuation, and the rates will not trouble the borrower.

BUFFALO, N. Y.—The Bank of Buffalo, soon after the final adjustment of the half-holiday law, issued a compact set of rules which enabled note-makers to figure out easily when their paper became payable. This useful circular was in great demand, and is still in use. Looking further to the convenience of its customers and business men, the bank has issued for the year 1889 a table of holiday dates, which at a glance shows when paper due on holidays is payable—each holiday being set down in order by months. The tables are in two sizes, one small enough to admit of being pasted in the back of a pass-book, the other a large and beautiful production for the desk. This last is a harmony of elegant coloring. The tables were got up and are copyrighted by Wm. C. Cornwell, cashier of the bank, and will prove a decided factor in smoothing out the question of due dates.

JOHN FARSON'S BUSINESS CHANGE.—John Farson has sold his interest in the well-known banking house of S. A. Kean & Co. and has started for California, where, after a brief stay, he will return to Chicago and re-engage in the banking business, with a branch in New York City. Mr. Farson has had extended experience in financial matters, and enjoys the confidence and esteem of his large circle of friends and acquaintances, who will wish him success in his new departure.

NEW YORK CITY.—The Gansevoort Bank on Fourteenth street, at the junction of Hudson street and Ninth avenue, has been opened for business. The premises are spacious and well adapted to the uses of the bank. The location of the institution is well chosen. It exactly suits the wants of the great number of enterprising marketmen who congregate in that vicinity. The bank will be readily accessible to occupants of the new West Washington Market. The directors of the bank are men distinguished in business circles. Its chief officers are T. C. Kimball, president, C. E. Bigelow, vice-president, and F. H. Skelding, cashier.

The Mechanics and Traders Bank has removed from the Bowery to 486 Broadway. The new premises are centrally located, accessible from all points, and the building itself has been remodeled so as to make it admirably adapted to its purpose. The fire and burglar-proof safes and vaults, especially built for this bank, offer ample space and security, and, as an additional protection, Holmes' electric burglar alarm wires have been introduced. The Mechanics and Traders Bank was organized in 1830. Since the advent of the present management, this bank has paid its stockholders in regular semi-annual dividends the sum of \$70,000, and has added \$150,000 to its surplus fund, while within the same period its deposits have increased from about \$700,000 to nearly \$3,000,000.

The President has commuted the sentence of J. D. Fish, formerly president of the Marine National Bank of New York, who was convicted in April, 1885, of misapplying the funds of that bank and sentenced June 27, 1885, to ten years' imprisonment in the State prison at Auburn. The President's indorsement in this case says: "Every object sought to be obtained by the punishment of crime will be accomplished, in my opinion, by a commutation of the convict's sentence to imprisonment for a term of five years and six months, with allowance of deductions for good conduct. Such commutation is therefore granted."

STUYVESANT BANK.—The following gentlemen are the incorporators of the Stuyvesant Bank: Judge Charles Welde, John H. Harr, Thomas F. Gilroy, William H. Burke, Judge Andrew J. White, Jesse W. Power, Daniel M. Van Cott, J. C. Minzinger, Ex-Sheriff Peter Bowe, Patrick J. Ferrigen, Thomas S. Hayes, Adjutant-General Porter, and W. P. Kelly. The bank will be situated on the southwest corner of 125th street and Fifth avenue. The capital stock is \$150,000.

PHILADELPHIA.—The banking house of Jay Cooke & Co. failed on September 18, 1873, with liabilities aggregating \$11,000,000. A large number of the claims against the firm were compromised within a few years following the failure, and since the day when the firm suspended payment, about \$6,000,000 of the debt has been settled. In addition to that large sum divided among the creditors, a consider

able amount of asset scrip was given to the claimants, who have since received two dividends thereon, aggregating, together with the present and final dividend, 56 per cent. The payment of the last dividend on the asset scrip was begun on December 9th by the trustee of the Jay Cooke & Co. estate, Willie Rushton. The amount of the scrip issued after the failure was \$1,250,000, or 15 per cent. of the total indebtedness. The general debt is not settled, and the principal assets with which to pay it are 46,000 acres of land in Dakota and the Lake Champlain Iron Ore Company's property in Essex County, N. Y. There have been four dividends paid on the general debt, which were in cash and in securities. The cash dividends amounted to about 14 per cent., but the sale of securities made the actual receipts much higher, especially to those who were wise enough to hold the securities for good prices in the market. Efforts are being made to dispose of the assets, so as to make a final settlement.

BOSTON'S BIGGEST TAXPAYERS.—The largest individual taxpayers are: Frederick L. Ames, who pays \$40,375.54 on \$3,013,100 of real estate; Eben D. Jordan, who pays \$20,612.54 on \$1,518,100 of real and \$20,000 of personal estate; Joshua M. Sears, who pays \$50,153.52 on \$3,617,800 of real and \$125,000 of personal estate, and Ariocho Wentworth, who pays \$20,696.96 on \$1,434,400 of real and \$110,000 personal estate. There are on the list 157 who pay a tax above \$5,000 and less than \$10,000, forty-five who pay from \$10,000 up to \$20,000, twelve who pay between \$20,000 and \$30,000, six who pay between \$30,000 and \$40,000, four who pay between \$40,000 and \$50,000, three who pay over \$50,000, and one that pays over \$100,000.—*Boston Herald*.

NEW YORK TRUST COMPANIES.—The trust companies of New York City and Brooklyn have lately filed in Albany their annual statements. The amount of net assets held by each company on the 31st of December, 1888, was as follows:

	<i>Resources.</i>
United States of New York.....	\$42,507,201 73
Union Trust Co. of New York.....	30,636,957 68
Farmers' Loan & Trust Co. of New York.....	27,300,200 76
Central Trust Co. of New York.....	26,536,349 29
New York Life Insurance and Trust Co.....	24,061,855 58
Mercantile of New York City.....	20,931,328 13
Brooklyn Trust Co.....	11,950,463 12
Metropolitan of New York City.....	8,468,466 18
Atlantic Trust Co. of New York.....	7,091,482 82
American Loan and Trust Co. of New York City.....	4,583,860 29
Jarvis-Conklin Mortgage and Trust Co. of Kansas City...	3,898,843 26
Long Island Loan and Trust Co. of Brooklyn.....	3,480,695 01
Equitable Trust Co. of New London, Conn.....	3,449,150 86
Franklin Trust Co. of Brooklyn.....	3,179,402 94
Nassau of Brooklyn.....	2,490,663 19
Knickerbocker Trust Co. of New York.....	2,382,464 16
Holland of New York City.....	2,151,467 36
Manhattan Trust Co. of New York.....	1,450,592 85
Title Guarantee and Trust Co. of New York.....	1,096,026 31

MARQUETTE, MICH.—About a year ago the banking house of J. V. Knapp began business and secured a good patronage. Both the proprietors were young men, and were well and favorably known. The bank did a general insurance business also, that branch being conducted by Mr. Joslin. About two months ago Mr. Joslin withdrew, leaving J. V. Knapp in full charge. There was a large number of depositors, and there seemed to be no lack of confidence. Mr. Knapp was regarded as a perfectly honest man and a shrewd financier, and his collapse is a surprise, which deepens as it develops that the assets are small.

THE GUARANTEE COMPANY OF NORTH AMERICA.—The annual meeting of this company showed a most satisfactory condition of affairs. The surplus to the insured was \$475,415.99 and the total resources of the company \$985,474.31. The old Board of Directors was re-elected and Mr. T. G. Shaughnessy, assistant general manager of the Canadian Pacific Railway, was added thereto. Sir Alexander T. Galt was re-elected president, and Mr. E. Rawlings vice-president and managing director. The interest on the company's investments has been more than suffi-

cient to pay the shareholders the usual 6 per cent. dividend, allowing the profits of the business to be added to the surplus. The growth in the business and resources of the company is clearly seen in the following figures:

	1887.	1888.
New bonds issued.....	\$17,468,600	\$19,181,700
Total in force.....	26,516,500	30,737,700
Annual premium.....	217,800	222,688
Working expenses.....	105,700	101,190
Losses paid.....	75,500	69,770
Surplus for policy holders.....	425,300	475,415
Total resources.....	933,800	985,474
Balance carried forward.....	565,200	621,470

THE CLEARINGS OF THE SAN FRANCISCO CLEARING HOUSE for the year 1888, reported by the manager, Charles Sleeper, were \$836,735,954.39, and for 1887, \$829,181,929.86, a gain of \$7,554,024.53. The clearings by quarter year for 1888, 1887 and 1886 are shown in the following statement:

Time.	1888.	1887.	1886.
1st quarter.....	\$192,529,140 69	\$166,674,784 76	\$137,848,228 98
2d ".....	198,553,248 05	208,497,199 87	143,155,668 03
3d ".....	212,163,589 11	233,819,660 11	170,116,280 22
4th ".....	233,489,976 54	220,190,285 12	191,101,213 98
	<u>\$836,735,954 39</u>	<u>\$829,181,929 86</u>	<u>\$642,221,391 21</u>

The total clearings and balances for thirteen years, and average daily clearing for each year, are given in the following statement:

Year.	Clearings.	Balances.	Days.	Average Daily Clearing.
1876....	\$476,123,237 97	\$104,804,707 74	247	\$1,927,624 45
1877....	519,948,803 68	126,172,850 21	305	1,704,750 20
1878....	715,329,319 70	151,888,434 05	306	2,337,677 50
1879....	553,953,955 90	129,561,079 52	305	1,816,242 50
1880....	486,725,953 77	118,046,934 94	304	1,601,072 20
1881....	598,696,832 35	125,388,744 81	304	1,969,397 50
1882....	629,114,119 81	108,487,872 15	303	2,076,284 20
1883....	617,921,853 51	107,269,494 53	304	2,032,637 70
1884....	556,857,691 03	95,275,201 49	304	1,831,768 72
1885....	562,344,737 93	100,460,388 52	305	1,843,753 24
1886....	642,221,391 21	105,832,828 47	301	2,133,625 88
1887....	829,181,929 86	129,474,942 72	303	2,736,574 02
1888....	836,735,954 39	123,271,533 66	305	2,743,390 57
Totals.	\$8,025,155,781 11	\$1,525,935,012 81		

The balances in 1888 were 14 66-100 per cent. of clearings, and amounted to \$123,271,533.66, and were paid as follows: In United States gold coin, 43 3-10 per cent., \$53,341,533.66; in Clearing House certificates, 56 7-10 per cent., \$69,930,000. The average daily balance for 1888 was \$404,168.96, and for 1887, \$427,310.04, a decrease of \$23,141.08. The largest balance arising from a single day's clearing in 1888 was \$908,686.28, and paid as follows: In Clearing House certificates, \$395,000; in United States gold coin, \$513,686.28. The largest amount of coin handled at the Clearing House, in settlement of a single day's balances, was \$1,073,682.23, on July 18th, 1885. The Clearing House gold certificates (now issued to the amount of \$1,075,000) have lessened the movement of gold coin in the settlement of balances since June 1st, 1883, as follows:

Time.	Balances.	Paid by Certificates.	Per Cent.
1883 (7 mos.)....	\$66,818,809 85	\$32,010,000 00	48
1884.....	95,275,201 49	58,540,000 00	61 4-10
1885.....	100,460,388 52	51,295,000 00	51 1-10
1886.....	105,832,828 47	50,880,000 00	48 1-10
1887.....	129,474,942 72	58,010,000 00	44 8-10
1888.....	123,271,533 66	69,930,000 20	56 7-10
	<u>\$621,133,704 71</u>	<u>\$320,665,000 00</u>	<u>51 6-10</u>

CHARLESTON, N. H.—An unsuccessful attempt was made to rob the Connecticut

River National Bank in that town. Two brick walls surrounding the vaults were torn away by an explosive, but the granite vaults proved impenetrable. An attempt to drill the steel locks also failed. The burglars left the bank and broke into the post-office.

PUEBLO, COL.—A. B. Gumayer, cashier of the defunct Exchange Bank of Canon City, has been found guilty of having feloniously accepted deposits up to the time of the closing of the bank, knowing the concern to be insolvent. A motion was made for a new trial. The amount for which the bank failed a year ago was \$300,000.

WILKES BARRE, PA.—Hon. E. C. Wadhams, late president of the First National Bank of Wilkes Barre, was born at Plymouth, in that State, graduated at the University of the City of New York, was engaged in mercantile pursuits for about twenty-five years, and was elected a State Senator in 1876. For many years he had been a director of the Wyoming National Bank of that place, and was elected president of the First National Bank in 1886, which office he held until his death.

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Feb. 2..	\$399,910,000	\$89,205,600	\$37,473,100	\$431,142,100	\$4,709,700	\$18,893,175
" 9..	408,013,900	86,820,600	36,072,000	434,958,500	4,380,300	14,152,975
" 16..	408,004,600	90,536,000	36,281,700	438,068,400	4,356,000	17,295,600
" 23..	408,955,500	90,022,900	35,292,100	438,299,400	4,360,000	15,740,150

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Feb. 2.....	159,708,300	9,244,600	5,720,800	128,093,800	3,622,600
" 9.....	152,056,900	9,311,000	5,583,900	128,690,800	3,168,000
" 16.....	152,527,200	9,586,300	5,577,200	130,477,300	3,010,700
" 23.....	152,910,900	9,330,500	5,411,300	129,359,700	3,019,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation
Feb. 2.....	\$93,300,000	\$25,404,000	\$92,528,000	\$2,316,340
" 9.....	94,144,000	26,051,000	93,680,000	2,317,463
" 16.....	94,276,000	26,169,000	94,176,000	2,317,890
" 23.....	93,979,000	25,691,000	93,812,000	2,316,000

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

	QUOTATIONS:	Feb. 4.	Feb. 11.	Feb. 18.	Feb. 25.
Discounts.....	5 @ 6 .. 5 @ 6 .. 5 @ 6 .. 5 @ 6				
Call Loans.....	5 @ 2 .. 2½ @ 1 .. 2 @ 1½ .. 3 @ 2				
Treasury balances, coin.....	\$150,046,417	\$130,038,203	\$149,931,238	\$150,279,542	
Do. do. currency.....	15,209,508	16,124,878	16,291,139	17,233,791	

Sterling exchange has ranged during February at from 4.88 @ 4.89 for bankers' sight, and 4.85¼ @ 4.86½ for 60 days. Paris—Francs, 5.18½ @ 5.16½ for sight, and 5.20½ @ 5.19½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86 @ 4.86¼; bankers' sterling, sight, 4.88¼ @ 4.89. Cable transfers, 4.89¼ @ 4.89½. Paris—Bankers' 60 days, 5.20 @ 5.19½; sight, 5.17½ @ 5.16½. Antwerp—Commercial, 60 days, 5.22½ @ 5.21½. Reichmarks (4) — bankers', 60 days, 95¼ @ 95¾; sight, 95¼ @ 95¾. Guilders—bankers', 60 days, 40¼ @ 40½; sight, 40¼ @ 40½.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 638.)

	Bank and Place.	Elected.	In place of.
N. Y. CITY...	Amer. Surety Company..	Wm. L. Trenholm, <i>P.</i> ...	W. A. Wheelock.
"	Third National Bank.....	Henry Buckhout, <i>V. P.</i>...	.....
ALA....	Amer. Nat. Bank, Birmingham..	H. L. Underwood, <i>A. C.</i>...	.....
"	First Nat. Bank, Montgomery.	G. W. Craik, <i>V. P.</i>...	.....
"	Merchants & Planters N. B., Montgomery.	Robt. Goldthwaite, <i>P.</i> ... S. B. Marks, Jr., <i>Cas.</i> ...	T. B. Jordan. Robt. Goldthwaite.
ARK....	German Nat. B., Little Rock..	Daniel G. Jores, <i>V. P.</i> ...	C. J. Lincoln.
CAL....	Southern Cal. Nat. Bank, Los Angeles.	L. N. Breed, <i>P.</i> Wm. F. Rosbyshell, <i>V. P.</i> ... C. N. Flint, <i>Cas.</i>	John I. Redick. L. N. Breed. <i>W.</i> Wm. F. Rosbyshell.
"	First National Bank, San Diego.	J. Gruendike, <i>P.</i> R. A. Thomas, <i>V. F.</i> J. H. Braly, <i>Cas.</i>	R. A. Thomas. J. H. Braly. O. S. Hubbell.
"	First Nat. Bank, Santa Monica.	L. R. Vincent, <i>V. P.</i> ...	John Steere.
COL....	Boulder Nat. Bank, Boulder...	Chas. C. Bromley, <i>A. C.</i>...	.....
"	First Nat. Bank, Canon City...	E. C. Gray, <i>P.</i>	Stephen S. Talcott.
"	Exchange National Bank, Colorado Springs.	F. E. Dow, <i>P.</i> Geo. De La Vergne, <i>V. P.</i> ...	D. Heron. F. E. Dow.
"	Denver National Bank, Denver.	D. Heron, <i>Cas.</i>.....	.....
"	Amer. Nat. Bank, Leadville....	Howard Evans, <i>A. Cas.</i>...	.....
"	First Nat. Bank, Pueblo.....	M. H. Williams, <i>V. P.</i>...	.....
"	First Nat. Bank, Trinidad.....	W. E. Singer, <i>Ass't Cas.</i>...	.....
CONN...	First Nat. Bank of Killingly, Danielsonville.	Delos A. Chappell, <i>V. P.</i> ...	Frank G. Bloom.
"	First Nat. Bank, New Haven..	Wm. H. Challon, <i>V. P.</i>...	.....
"	Thompson Nat. B., Thompson.	James E. English, <i>V. P.</i>...	.....
DAK....	Merchants N. B., Devil's Lake..	Geo. H. Nichols, <i>V. P.</i> ... C. W. Greene, <i>Ass't Cas.</i> ...	T. D. Sayles.
"	First National Bank, Doland.	S. E. Morris, <i>P.</i> J. E. Labrie, <i>V. P.</i> A. J. Brosseau, <i>Cas.</i>	O. W. Barlow. S. E. Morris.
"	First National Bank, Grafton.	Wm. C. Leistikow, <i>P.</i> ... J. Tombs, <i>V. P.</i>	F. T. Walker. Wm. C. Leistikow.
"	Citizens National Bank, Grand Forks.	J. Walker Smith, <i>P.</i> S. W. McLaughlin, <i>V. P.</i> ...	Wm. Budge. J. Walker Smith.
"	First Nat. Bank, Parker.....	F. L. Clisby, <i>Cas.</i>	W. L. Baker.
"	Citizens Bank, Sheldon.	G. O. Brohough, <i>P.</i> A. O. Runcie, <i>Cas.</i> Henry E. Bailey, <i>P.</i>	A. O. Runcie. Edwin A. Lucia. D. A. McPherson.
"	First National Bank, Sturgis.	D. A. McPherson, <i>V. P.</i> ... H. E. Perkins, <i>Ass't Cas.</i> ...	Chas. Francis.
DEL....	Nat. Bank of Wilmington & Brandywine, Wilmington.	Geo. S. Capelle, <i>P.</i>	Washington Jones.
FLA....	Merchants Nat. Bank, Ocala..	R. B. McConnell, <i>Cas.</i>...	.....
"	Citizens National Bank, Orlando.	H. S. Kedney, <i>P.</i> F. R. Webber, <i>V. P.</i> Jas. L. Giles, <i>Cas.</i>	L. A. Garrett. Henry S. Kedney. H. G. Garrett.
GA.	Nat. Bank of Augusta, Augusta.	James Tobin, <i>P.</i>	Chas. Estes.
"	First National Bank, Brunswick.	W. E. Burbage, <i>P.</i> M. Ullman, <i>V. P.</i> A. T. Gilbert, <i>P.</i>	C. Downing, Jr. W. E. Burbage. Miles C. Moore.
IDAHO..	First National Bank, Moscow.	J. H. Maguire, <i>V. P.</i> R. S. Browne, <i>Cas.</i>	W. W. Langdon. H. C. Baker.
ILL....	Atlanta Nat. Bank, Atlanta....	S. H. Fields, Jr., <i>A. Cas.</i> ...	S. H. Fields.
"	Farmers National Bank, Cambridge.	L. H. Patten, <i>P.</i> T. M. Robertson, <i>V. P.</i> ...	Richard Mascall.* L. H. Patten.
"	Fort Dearborn N. B., Chicago.	M. Schweisthal, <i>Cas.</i>	Seymour Walton.
"	De Kalb Nat. Bank, De Kalb..	H. D. Wyman, <i>P.</i>	J. D. Lott.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ILL....	Galena National Bank, Galena.	John Ross, <i>P.</i>	Robt. H. McClellan.
" ..	Galesburgh National Bank, Galesburgh.	Thos. B. Hughlett, <i>V. P.</i>	Richard Barrett.
" ..	Edgar Co. National Bank, Paris.	P. F. Brown, <i>P.</i>	W. W. Washburn.
" ..	Exchange National Bank, Polo.	H. M. Sisson, <i>V. P.</i>	P. F. Brown.
" ..	Second Nat. Bank, Rockford.	J. E. Parrish, <i>P.</i>	R. N. Parrish.
" ..	First National Bank, Waukegan.	R. H. Kile, <i>Cas.</i>	J. E. Parrish.*
" ..	First National Bank, Bloomfield.	W. D. Cole, <i>Ass't Cas.</i>.....	.....
IND....	First National Bank, Frankfort.	John Bingaman, <i>P.</i>	R. G. Shumway.
" ..	First National Bank, Frankfort.	W. H. Cunningham, <i>V. P.</i>	John Bingaman.
" ..	First National Bank, Frankfort.	E. L. Woodruff, <i>V. P.</i> ...	C. O. Upton.
" ..	First National Bank, Frankfort.	Nelson A. Steele, <i>P.</i>...	.....
" ..	First National Bank, Frankfort.	Francis E. Clarke, <i>V. P.</i>	Nelson A. Steele.
" ..	First National Bank, Frankfort.	Nat. U. Hill, <i>P.</i>	John Waldron.
" ..	First National Bank, Frankfort.	Philip K. Buskirk, <i>V. P.</i>	Nat. U. Hill.
" ..	First National Bank, Frankfort.	J. W. Coulter, <i>P.</i>	T. B. Cox.
" ..	First National Bank, Frankfort.	D. F. Allen, <i>V. P.</i>	J. W. Coulter.
IOWA...	Wright Co. Nat. B., Clarion.	Benj. P. Birdsall, <i>A. Cas.</i>	.....
" ..	First Nat. Bank, Davenport.	Anthony Burdick, <i>V. P.</i> ...	J. E. Stevenson.
" ..	First Nat. Bank, Emmetsburg.	E. B. Soper, <i>V. P.</i>	A. N. Eddy.
" ..	Iowa City National Bank, Iowa City.	E. Clark, <i>P.</i>	S. J. Kirkwood.
" ..	Oskaloosa Nat. B., Oskaloosa.	Thos. B. Wales, <i>V. P.</i> ...	Geo. W. Lewis.
" ..	American National Bank, Sioux City.	W. H. Seewers, <i>P.</i>	H. L. Spencer.
" ..	First Nat. Bank, Winterset.	O. J. Taylor, <i>P.</i>	B. M. Webster.
" ..	First Nat. Bank, Winterset.	T. C. Beard, <i>Ass't Cas.</i>...	.....
KAN....	First Nat. Bank, Abilene.	W. S. Whedon, <i>Cas.</i>.....	.....
" ..	Armourdale Bank, Armourdale.	H. A. Hayes, <i>Cas.</i>	Theo. Mosher.
" ..	Exchange Nat. B., Atchison.	J. R. Quarles, <i>Cas.</i>	E. B. Jennings.
" ..	The Dime Sav. B., Atchison.	B. P. Waggener, <i>V. P.</i>...	.....
" ..	United States N. B., Atchison.	L. M. Briggs, <i>Cas.</i>	F. H. Wilson.
" ..	First National Bank, Beloit.	L. A. Wheeler, <i>Cas.</i>	F. W. Hunton.
" ..	First National Bank, Beloit.	M. S. Atwood, <i>P.</i>	Alex. Campbell.
" ..	First National Bank, Clyde.	Alex. Campbell, <i>V. P.</i> ...	L. J. Best.
" ..	First Nat. Bank, Downs.	W. S. Crump, <i>P.</i>	W. P. Rice.
" ..	Central National Bank, Ellsworth.	S. F. Robinson, <i>V. P.</i> ...	W. S. Crump.
" ..	Citizens Nat. Bank, Fort Scott.	J. M. Bower, <i>Ass't Cas.</i>...	.....
" ..	First Nat. Bank, Harper.	W. P. Westfall, <i>P.</i>	G. W. Clawson.
" ..	Hutchinson National Bank, Hutchinson.	B. S. Westfall, <i>Cas.</i>	M. K. Brundage.
" ..	Hutchinson National Bank, Hutchinson.	B. P. McDonald, <i>V. P.</i> ...	Isaac Stodden.
" ..	Hutchinson National Bank, Hutchinson.	M. H. Norton, <i>Cas.</i>.....	.....
" ..	Nat. Bank of Commerce, Hutchinson.	A. J. Lusk, <i>P.</i>	J. F. Greenlee.
" ..	Wyandotte Nat. Bank, Kansas City.	Frank Vincent, <i>V. P.</i> ...	Thos. J. Anderson.
" ..	First National Bank, Kirwin.	C. H. Menke, <i>Cas.</i>	A. J. Lusk.
" ..	First National Bank, Leoti.	John Hall, <i>V. P.</i>.....	.....
" ..	Lyons Exchange Bank, Lyons.	W. T. Atkinson, <i>Cas.</i> ...	F. E. Carr.
" ..	First National Bank, Manhattan.	R. M. Folts, <i>Ass't Cas.</i> ...	W. T. Atkinson.
" ..	German Nat. Bank, Newton.	Isaac La Grange, <i>P.</i>	Geo. T. Kroh.
" ..	First National Bank, Phillipsburg.	A. N. Moyer, <i>V. P.</i>	Isaac La Grange.
" ..	Sumner Nat. Bank, Wellington.	M. H. Johnson, <i>V. P.</i> ...	Chas. W. Hull.
KY....	German National Bank, Covington.	Chas. W. Hull, <i>Cas.</i> ...	M. H. Johnson.
" ..	Northern B. of Ky., Covington.	John Hall, <i>P.</i>	G. C. Hardesty.
" ..	First National Bank, Owensboro.	G. C. Hardesty, <i>V. P.</i> ...	J. M. Johnson.
" ..	Second Nat. Bank, Richmond.	J. J. Barrelle, <i>Ass't Cas.</i>	.....
LA....	First Nat. Bank, Monroe.	E. V. Thompson, Jr., <i>P.</i>	Wm. L. Murphy.
" ..	First Nat. Bank, Monroe.	E. K. Miller, <i>V. P.</i>.....	.....
" ..	First Nat. Bank, Monroe.	John B. Anderson, <i>P.</i> ...	Geo. S. Murphey.
" ..	First Nat. Bank, Monroe.	Geo. S. Murphey, <i>Cas.</i>...	.....
" ..	First Nat. Bank, Monroe.	W. G. Oldfield, <i>Cas.</i> ...	Alan L. Reid.
" ..	First Nat. Bank, Monroe.	W. D. Granger, <i>Cas.</i> ...	Frank Strain.
" ..	First Nat. Bank, Monroe.	I. H. Rogers, <i>Ass't Cas.</i>	W. D. Granger.
" ..	First Nat. Bank, Monroe.	S. W. Spitler, <i>P.</i>	John G. Woods.
" ..	First Nat. Bank, Monroe.	James Spilman, <i>P.</i>	Henry Feltman.
" ..	First Nat. Bank, Monroe.	Jno. G. Metcalfe, <i>Cas.</i> ...	James Spilman.
" ..	First Nat. Bank, Monroe.	H. H. Peek, <i>V. P.</i>	D. C. Collins.
" ..	First Nat. Bank, Monroe.	J. D. Powers, <i>P.</i>	R. H. Taylor.
" ..	First Nat. Bank, Monroe.	Jos. H. Hickman, <i>V. P.</i>	J. D. Powers.
" ..	First Nat. Bank, Monroe.	T. D. Chenault, <i>P.</i>	J. P. Herndon.
" ..	First Nat. Bank, Monroe.	T. E. Flournoy, <i>Cas.</i> ...	T. F. Millsaps.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
LA.....	Citizens B. of La., New Orleans.	A. A. Lelong, <i>Act'g Cas.</i>	.....
"	Mutual National Bank, New Orleans.	L. C. Fallon, <i>P.</i>	John T. Hardie....
"	New Orleans N. B., New Orleans.	Jas. J. Tarleton, <i>Cas.</i>	Jos. Mitchell.
ME.....	Union Nat. Bank, Brunswick.	D. G. Baldwin, <i>Ass't Cas.</i>	.....
"	Messalonskee Nat. Bank, Oakland.	J. W. Fisher, <i>Cas.</i>	H. A. Randall.
MD.....	First Nat. Bank, Frederick.	Luther D. Emerson, <i>P.</i>	A. P. Benjamin.
MASS....	Boston Nat. Bank, Boston.	H. C. Benson, <i>V. P.</i>	Luther D. Emerson.
"	Mass. Nat. Bank, Boston.	G. J. Doll, <i>V. P.</i>	.....
"	North Nat. Bank, Boston.	D. Bates, <i>Ass't Cas.</i>	.....
"	Brookline Nat. B., Brookline.	N. G. Chapin, <i>V. P.</i>	E. Whitney.
"	Neponset Nat. Bank, Canton.	Rufus S. Frost, <i>V. P.</i>	.....
"	Fall River Savings Bank, Fall River.	Geo. H. Worthley, <i>V. P.</i>	.....
"	Metacomet Nat. B., Fall River.	Chas. Henry French, <i>P.</i>	Chas. Howe French.
"	City National Bank, Gloucester.	C. E. Lindsay, <i>P.</i>	C. E. Lindsay.
"	City Nat. Bank, Holyoke.	T. J. Borden, <i>V. P.</i>	.....
"	Pacific Nat. Bank, Nantucket.	Frank S. Stevens, <i>V. P.</i>	.....
"	Berkshire National Bank, North Adams.	Henry A. Parmenter, <i>P.</i>	.....
"	Southbridge N. B., Southbridge.	Wm. H. Jordan, <i>V. P.</i>	H. A. Parmenter.
"	Machinists National Bank, Taunton.	Timothy Merrick, <i>P.</i>	C. B. Prescott.
MICH....	First Nat. Bank, Allegan.	Edward W. Perry, <i>V. P.</i>	T. W. Calder.
"	Big Rapids N. B., Big Rapids.	Wm. H. Gaylord, <i>P.</i>	James Hunter.
"	Farmers Nat. B., Constantine.	W. W. Butler, <i>Cas.</i>	.....
"	First National Bank, Constantine.	C. B. Wetherby, <i>A. Cas.</i>	.....
"	First Nat. Bank, Corunna.	Wm. C. Davenport, <i>P.</i>	Edward King.
"	First Nat. Bank, Decatur.	John H. Dalglish, <i>Cas.</i>	Wm. C. Davenport.
"	East Saginaw Nat. Bank, East Saginaw.	Ira Chichester, <i>V. P.</i>	.....
"	First Nat. B., Iron Mountain.	M. Brown, <i>V. P.</i>	H. P. Wyman.
"	Kalamazoo N. B., Kalamazoo.	Giles B. Markham, <i>V. P.</i>	H. E. Moore.
"	First Nat. Bank, Mason.	J. W. Simons, <i>P.</i>	Geo. I. Crossett.
"	Citizens National Bank, Niles.	J. Mark Harvey, <i>V. P.</i>	J. W. Simons.
"	Sault Ste. Marie Nat. Bank, Sault Ste. Marie.	A. T. Nichols, <i>Cas.</i>	J. D. Leland.
"	First Nat. Bank, St. Ignace.	A. H. Huyck, <i>Cas.</i>	P. W. Van Duzer.
"	First National Bank, South Haven.	S. S. Wilhelm, <i>P.</i>	J. G. Owen.
MINN....	Anoka Nat. Bank, Anoka.	Edwin Eddy, <i>V. P.</i>	.....
"	First National Bank, Glencoe.	Wm. T. Wickware, <i>Cas.</i>	S. S. Wilhelm.
"	Citizens National Bank, Mankato.	Oliver Evans, <i>Cas.</i>	H. E. Pearse.
"	German-Amer. B., Minneapolis.	T. Y. Sebring, <i>A. Cas.</i>	.....
"	Nicollet National Bank, Minneapolis.	Allen Rowe, <i>V. P.</i>	H. P. Henderson.
MISS....	B. of Holly Springs, Holly Sp's.	Orlando F. Barnes, <i>P.</i>	J. B. Millard.
"	Meridian Nat. Bank, Meridian.	A. G. Gage, <i>V. P.</i>	Orlando F. Barnes.
MO.....	Peoples Bank, De Soto.	T. W. Burdick, <i>P.</i>	James H. Easton.
"	First National Bank, Grant City.	W. B. Cady, <i>Cas.</i>	T. W. Burdick.
"	First Nat. Bank, Jefferson City.	C. T. Bailey, <i>Ass't Cas.</i>	W. B. Cady.
"	Midland N. B., Kansas City.	Wm. Saulson, <i>V. P.</i>	A. F. Temple.
"	Nat. B. of Com., Kansas City.	T. A. Bixby, <i>V. P.</i>	A. S. Packard.
"	Mercantile N. B., Louisiana.	Eugene A. Hartman, <i>A. C.</i>	F. G. Dewey.
		O. S. Miller, <i>Ass't Cas.</i>	.....
		I. A. Latta, <i>P.</i>	A. H. Reed.
		A. H. Reed, <i>V. P.</i>	I. A. Latta.
		Lester Patterson, <i>V. P.</i>	Jno. H. Ray.
		H. E. Swan, <i>Ass't Cas.</i>	.....
		Geo. Huhn, <i>P.</i>	E. Eichhorn.
		J. F. R. Foss, <i>P.</i>	Jno. De Laittre.
		H. W. Brown, <i>V. P.</i>	.....
		H. M. Knapp, <i>Cas.</i>	J. F. R. Foss.
		Jas. T. Fant, <i>P.</i>	O. Davis.
		G. Q. Hall, <i>V. P.</i>	E. Watkins.
		Henry Lepp, <i>V. P.</i>	.....
		Chas. Beisbarth, <i>and V. P.</i>	.....
		Metford S. Coxwell, <i>Cas.</i>	Henry Lepp.
		E. O. Sayle, <i>P.</i>	Calvin Tilton.
		John F. Robertson, <i>Cas.</i>	E. O. Sayle.
		C. H. Lingenfeller, <i>A. C.</i>	.....
		W. C. Young, <i>P.</i>	J. M. Clarke.
		C. E. Barnhart, <i>and A. C.</i>	.....
		W. A. Rule, <i>and A. Cas.</i>	.....
		John A. Mackey, <i>V. P.</i>	W. G. Douglas.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
MO....	First Nat. Bank, Milan.....	W. McCullough, <i>P.</i>	A. Payne.
"	Merchants Nat. B., St. Louis.....	D. Ranken, <i>Act'g & A. C.</i>.....	.....
MONT	First Nat. Bank, Anaconda.....	Marcus Daby, <i>V. P.</i>.....	.....
NEB....	First Nat. Bank, Albion.....	F. B. Tiffany, <i>V. P.</i>.....	.....
"	Central National Bank, David City.....	Morris J. Jones, <i>V. P.</i> Geo. R. Colton, <i>Cas.</i>	Geo. R. Colton. M. Gould.
"	First National Bank, Exeter.....	W. F. Downing, <i>A. Cas.</i> J. A. Shaw, <i>P.</i> T. H. L. Lee, <i>V. P.</i>.....	..... ..... .....
"	First Nat. Bank, Greenwood.....	F. T. Dimick, <i>Cas.</i>	C. S. Cleaveland.
"	Jones Nat. Bank, Seward.....	D. M. Quackenbush, <i>A. C.</i> S. C. Burlingim, <i>V. P.</i>.....	..... Joel Tishen.
N. H....	Mechanics Nat. Bank, Concord.....	Edgar H. Woodman, <i>P.</i>	B. A. Kimball.
"	Derry Nat. Bank, Derry.....	Nathan B. Prescott, <i>V. P.</i>.....	.....
"	Wilton Sav. Bank, Wilton.....	Geo. E. Bales, <i>Treas.</i>	Moses Clark.
N. J....	First Nat. Bank, Asbury Park.....	Oliver H. Brown, <i>V. P.</i>	J. A. Wainwright.
"	Nat. State Bank, Elizabeth.....	John Kean, Jr., <i>P.</i>	John Kean.
"	Farmers Nat. Bank, Mt. Holly.....	Alfred L. Black, <i>P.</i>	J. L. N. Strattan.
"	National State Bank, Newark.....	John P. Jube, <i>P.</i> James E. Bless, <i>V. P.</i>	Theo. Machnet. John P. Jube.
"	Second National Bank, Newark.....	James D. Orton, <i>P.</i> E. D. Farnsworth, <i>Cas.</i>	John H. Kase. James D. Orton.
"	Mechanics Nat. Bank, Trenton.....	A. G. Richey, <i>V. P.</i>	John S. Chambers.
N. Y....	Adams National Bank, Adams.....	C. D. Potter, <i>P.</i> I. P. Woodell, <i>V. P.</i>	W. A. Waite. C. D. Potter.
"	Farmers National Bank, Amsterdam.....	J. E. Voorhees, <i>P.</i> John McFarlan, <i>V. P.</i>	J. E. Voorhees.
"	Merch. Nat. B., Binghamton.....	Clinton Ross, <i>Ass't Cas.</i>.....	.....
"	Nat. B. of Castleton, Castleton.....	N. A. Schermerhorn, <i>V. P.</i>	Wm. C. Herrick.
"	Catskill Nat. Bank, Catskill.....	P. Gardner Coffin, <i>A. C.</i>.....	.....
"	Nat. Central B., Cherry Valley.....	G. W. B. Dakin, <i>P.</i>.....	.....
"	First National Bank, Cortland.....	E. Keator, <i>P.</i> F. H. Wickwire, <i>V. P.</i> E. Alley, <i>Cas.</i>	Samuel Keator. R. B. Smith. E. Keator.
"	Nat. B. of Granville, Granville.....	F. W. Hewitt, <i>Ass't Cas.</i>	W. H. Brownell.
"	First Nat. Bank, Greenwich.....	A. B. Cole, <i>P.</i>	Horton Cottrell.
"	Nat. Union Bank, Kinderhook.....	P. V. S. Pruyn, <i>and V. P.</i>.....	.....
"	First Nat. Bank, Jamestown.....	Wm. Brodhead, <i>V. P.</i>.....	.....
"	Millerton Nat. Bank, Millerton.....	E. H. Thompson, <i>P.</i> B. S. Keefer, <i>Cas.</i>	Geo. S. Frink. E. H. Thompson.
"	Citizens National Bank, Saratoga Springs.....	John Foley, <i>P.</i> Chas. D. Thurber, <i>Cas.</i>	D. A. Bullard. L. A. Sharp.
"	First Nat. Bank, Sing Sing.....	Aaron L. Young, <i>V. P.</i>	M. L. Cobb.
"	Bank of Worcester, Worcester.....	I. S. Atkins, <i>V. P.</i> Geo. R. Crippen, <i>Cas.</i>	E. R. Thurber. J. B. Holmes.
N. C....	First Nat. Bank, Charlotte.....	R. M. Oates, <i>P.</i>	R. Y. McAden.*
"	First Nat. Bank, Durham.....	W. W. Fuller, <i>V. P.</i>	C. S. Bryan.
OHIO..	Second Nat. Bank, Akron.....	W. A. Folger, <i>Ass't Cas.</i>.....	.....
"	First Nat. Bank, Bellaire.....	Jas. T. Kelly, <i>Ass't Cas.</i>.....	.....
"	Central National Bank, Cambridge.....	W. S. McCartney, <i>Cas.</i> Roger Kirkpatrick, <i>A. C.</i>	Jno. C. Beckett. W. S. McCartney.
"	Centreville N. B. of Thurman, Centreville.....	S. P. Wood, <i>V. P.</i>	S. G. Keller.
"	Market Nat. Bank, Cincinnati.....	Louis Voight, <i>V. P.</i>	F. A. Grever.
"	Euclid Ave. N. B., Cleveland.....	Richard M. Parmely, <i>A. C.</i>.....	.....
"	Amer. Nat. Bank, Findlay.....	W. J. Creighton, <i>A. C.</i>.....	.....
"	First Nat. Bank, Fremont.....	F. J. Giebel, <i>Ass't Cas.</i>.....	.....
"	First Nat. Bank, Middletown.....	C. B. Johnston, <i>V. P.</i>	T. Marston.
"	First Nat. Bank, Smithfield.....	John Galbraith, <i>V. P.</i>	H. S. Black.
"	First N. B., Upper Sandusky.....	John D. Sears, <i>V. P.</i>.....	.....
"	Champaign Nat. Bank, Urbana.....	Joel Read, <i>P.</i>	P. B. Ross.
"	Clinton County Nat. Bank, Wilmington.....	J. W. Denver, Jr., <i>Cas.</i> C. I. Hockett, <i>Ass't Cas.</i>.....	..... .....
"	Citizens Nat. Bank, Xenia.....	H. H. Eavey, <i>V. P.</i>	G. M. Peters.
ORE..	First Nat. Bank, Arlington.....	W. E. Fowler, <i>Cas.</i>	H. C. Wortman.
PENN..	Lehigh Valley N. B., Bethlehem.....	T. M. Dodson, <i>V. P.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
PENN.	First Nat. Bank, Bloomsburg..	I. W. McKelvy, <i>P.</i>	C. R. Paxton.
"	First National Bank, Carbondale..	Wm. W. Bronson, <i>P.</i>	Horatio S. Pierce*
"	Nat. Bank of Catsauqua, Catsauqua..	Edward Clarkson, <i>V. P.</i>	Wm. W. Bronson.
"	First Nat. Bank, Clarion.....	Melchior H. Horn, <i>P.</i>	Melchior H. Horn.
"	First Nat. Bank, Glen Rock....	Frank M. Horn, <i>Cas.</i>	Jacob Black, Jr.
"	First Nat. Bank, Greensburgh..	Jacob Black, <i>Ass't Cas.</i>	Eli R. Miller.
"	Merch. & Farm. N. B. Greensb'gh.	John F. Beck, <i>V. P.</i>.....	.....
"	First Nat. Bank, Hazleton.....	J. R. Eisaman, <i>Cas.</i>.....	.....
"	Lancaster Co. N. B., Lancaster..	John D. Miller, <i>P.</i>	J. A. Marchand.
"	First National Bank, Lehighton..	David Clark, <i>V. P.</i>.....	.....
"	First Nat. Bank, Lock Haven....	D. C. Keady, <i>V. P.</i>	J. L. Metzger.
"	First Nat. Bank, Marietta.....	R. F. Hoffer, <i>P.</i>.....	.....
"	Farm. & Mechanics Nat. B., Mercer..	Dennis Bauman, <i>V. P.</i>	R. F. Hoffer.
"	Commercial Nat. Bank, Phila..	F. S. Johnson, <i>V. P.</i>.....	.....
"	Independence National Bank, Philadelphia.	Thos. E. Grady, <i>Cas.</i>	E. E. Lindemuth.
"	Manufacturers Nat. B., Phila..	Geo. W. Wright, <i>V. P.</i>	Levi Morrison.
"	Farm. & Merchants Nat. B., Phoenixville.	Henry Robinson, <i>Cas.</i>	John Robinson.
"	Mechanics National Bank, Pittsburgh.	Alfred English, <i>V. P.</i>	Daniel Haddock, Jr.
"	First Nat. Bank, Pittsburgh....	R. L. Austin, <i>P.</i>	Chas. Lennig.
"	Pittsburgh N. B. of Commerce.	G. W. Blabon, <i>V. P.</i>	J. C. S. Davis.
"	Farm. & Drovers N. B. Waynesb'g.	Theo. E. Wiedersheim, <i>C.</i>	R. L. Austin.
"	First Nat. Bank, Wilkes Barre..	W. H. Heisler, <i>V. P.</i>.....	.....
"	First Nat. Bank, York.....	J. T. F. Hunter, <i>P.</i>	John Detwiler.
"	York Co. Nat. Bank, York....	John Griffith, <i>V. P.</i>	J. T. F. Hunter.
"	York Nat. Bank, York.....	Geo. J. Gorman, <i>P.</i>	Wm. Carr.
"	Central Nat. Bank, Columbia..	Samuel C. Applegate, <i>C.</i>	Geo. J. Gorman.
S. C.	First National Bank, Fayetteville..	Jno. H. McKelvy, <i>V. P.</i>.....	.....
TENN.	Gainesville N. B., Gainesville..	Chas. Lockhart, <i>V. P.</i>.....	.....
"	Bank of Henry, Paris..	D. W. Braden, <i>V. P.</i>.....	.....
"	Fayette Co. Bank, Somerville..	W. S. McLean, <i>P.</i>	E. C. Wadhams.*
TEXAS.	First Nat. Bank, Ballinger....	John J. Frick, <i>Cas.</i>	Jacob Bastress.
"	Belton Nat. Bank, Belton....	James A. Dale, <i>V. P.</i>.....	.....
"	Colorado National Bank, Colorado..	Wm. H. Griffith, <i>Cas.</i>	Geo. H. Sprigg.*
"	City National Bank, Dallas....	W. H. Gibbs, <i>V. P.</i>.....	.....
"	Nat. B. of Texas, Galveston....	J. D. Tillman, <i>P.</i>.....	.....
"	Greenville National Bank, Greenville..	W. B. Martin, <i>V. P.</i>	W. A. Miles.
"	First National Bank, Honey Grove..	Geo. P. Edwards, <i>A. Cas.</i>.....	.....
"	Commercial National Bank, Houston..	A. B. Lamb, <i>P.</i>	S. A. Champion.
"	First National Bank, Lampasas..	O. C. Barton, <i>V. P.</i>	J. N. Thomason.
"	First Nat. Bank, Texarkana....	A. B. Mitchum, <i>Cas.</i>	A. B. Lamb.
"	Texarkana N. B., Texarkana....	H. C. Moorman, <i>V. P.</i>	D. Z. Morrison.
"	Citizens National Bank, Waxahachie..	Walter A. Davis, <i>A. Cas.</i>.....	.....
W. VA.	Merchants N. B., Clarksburg....	J. Z. Miller, <i>P.</i>	J. Z. Miller, Sr.
Wis.	First National Bank, Baraboo..	R. L. Ball, <i>P.</i>	A. W. Dunn.
"	Lumbermens N. B., Chippewa Falls	Jacob B. Slaughter, <i>V. P.</i>	Wm. Martin.
"		E. H. Cooke, <i>Ass't Cas.</i>.....	.....
"		J. T. Tregevant, <i>V. P.</i>	J. G. Tregevant, Jr.
"		W. L. Moody, Jr., <i>Cas.</i>	J. P. Alvey.
"		J. W. Rainey, <i>P.</i>	S. D. Rainey, Jr.
"		Robt. Sayle, <i>V. P.</i>	J. W. Rainey.
"		C. B. Jones, <i>Ass't Cas.</i>.....	.....
"		W. Underwood, <i>P.</i>	C. W. T. Weldon.
"		B. O. Walcott, <i>V. P.</i>	W. Underwood.
"		E. P. Hill, <i>P.</i>	H. Gardes.
"		W. B. Chew, <i>V. P.</i>	E. P. Hill.
"		J. M. Malone, <i>P.</i>	J. S. Letcher.
"		J. M. Moore, <i>V. P.</i>	J. M. Malone.
"		E. J. Marshall, <i>Ass't Cas.</i>	Seldon Duncan.
"		J. Deutschman, <i>V. P.</i>	J. H. Smelson.
"		S. G. Bayne, <i>V. P.</i>	C. W. Moores.
"		O. E. Dunlap, <i>P.</i>	J. W. Ferris.
"		J. W. Ferries, <i>V. P.</i>	O. E. Dunlap.
"		John Irwin, <i>V. P.</i>	T. W. Harrison.
"		Carlos Bacon, <i>V. P.</i>	Frank T. Brewster.
"		Chas. A. Dyke, <i>A. Cas.</i>.....	.....
"		S. B. Nimmons, <i>A. Cas.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
WIS....	Union Nat. Bank, Oshkosh....	Morris Jones, <i>Cas.</i>	R. C. Russell.
" ..	Falls Bank, Sheboygan Falls....	Abner O. Heald, <i>Cas.</i>	Walter C. Bode.*
ONT ..	Canadian B. of Com., Belleville. C. M. Stork, <i>M'gr.</i>	R. Thomson.	
" ..	Traders B. of Canada, Watford. J. A. Belt, <i>M'gr.</i>		
" ..	Dominion Bank, Whitby.....	W. E. Carswell, <i>M'gr.</i> ..	H. B. Taylor.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 634.)

<i>State, Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ALA.... Bessemer.....	Bank of Bessemer.....	National Bank of the Republic.
	\$50,000 Chollet Berney, <i>P.</i>	Thos. J. Cornwell, <i>Cas.</i>
" .. Florence	First National Bank.....	
	\$50,000 R. L. Bliss, <i>P.</i>	N. C. Elting, <i>Cas.</i>
" .. Guntersville....	Bank of Guntersville....	
	\$30,000 Albert G. Henry, <i>P.</i>	W. M. Cantrell, <i>Cas.</i>
" .. Huntsville. . .	Huntsville B. & T. Co..	Chemical National Bank.
	\$25,000 Norman C. Raff, <i>P.</i>	Wm. K. P. Wilson, <i>Cas.</i>
COL.. Breckenridge...	Exchange Bank.....	Kountze Bros.
	(Engle Bros.)	
" .. La Junta.....	B. of Eastern Colorado..	National Bank of the Republic.
	\$30,000 Thos. M. Dickey, <i>P.</i>	Thos. M. Dickey, <i>Cas.</i>
" .. Seibert.....	Bank of Seibert.....	
	\$25,000 Ed. W. Madden, <i>P.</i>	Fred. W. Comstock, <i>Cas.</i>
" .. Trinidad.....	American Savings Bank..	Seaboard National Bank.
	\$25,000 James Lynch, <i>P.</i>	Wm. H. Robinson, <i>Cas.</i>
	H. D. Clark, <i>V. P.</i>	
DAK.... Bradley.....	Bank of Bradley.....	
	\$9,000 Hugh M. Mathewson, <i>P.</i>	James W. Mathewson, <i>Cas.</i>
" .. Towner City...	Bank of Towner.....	National Bank of the Republic..
	E. Ashley Mears, <i>P.</i>	Frank L. Bacon, <i>Cas.</i>
" .. Warner.....	Bank of Warner.....	
	\$25,000 F. H. Hagerty, <i>P.</i>	Frank Payne, <i>Cas.</i>
	Wm. H. Paulhamus, <i>V. P.</i>	
FLA.... Altoona.....	Bank of Altoona.....	
	A. A. Parker, <i>P.</i>	J. C. Pace, <i>Cas.</i>
GA.... Fort Valley....	Exchange Bank.....	Chemical National Bank.
	\$18,000 Chas. G. Gray, <i>P.</i>	Albert D. Skellie, <i>Cas.</i>
" .. Quitman.....	Bank of Quitman.....	Fourth National Bank.
	\$55,000 E. P. S. Denmark, <i>P.</i>	E. A. Groover, <i>Cas.</i>
	J. H. McCall, <i>V. P.</i>	
ILL.... Beardstown..	First State Bank.....	
	\$25,000 A. H. Sielschott, <i>P.</i>	T. L. Mathews, <i>Cas.</i>
		A. F. Sielschott, <i>Ass't Cas.</i>
" .. Warren.....	Clark, Hawley & Co....	
	\$30,000	Chas. E. Clark, <i>Cas.</i>
IOWA .. Bentonsport....	Julius Greef.....	National Bank of the Republic.
	\$35,000	
" .. Exira.....	Exchange Bank.....	
	Chas. Van Gorder, <i>P.</i>	J. W. Gray, <i>Cas.</i>
" .. Fort Madison ..	First National Bank.....	Central National Bank.
	\$100,000 Joseph B. Morrison, <i>P.</i>	W. H. Miller, <i>Cas.</i>
	Jos. A. Smith, <i>V. P.</i>	J. W. Albright, <i>Ass't Cas.</i>
" .. Missouri Valley.	Valley Bank.....	Kountze Bros.
	\$75,000 M. Holbrook, <i>P.</i>	M. W. Coolbaugh, <i>Cas.</i>
		W. J. Burke, <i>Ass't Cas.</i>

* Deceased.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
IOWA...	Oto.....	Oto Exchange Bank..... (John R. Welch & Co.)	.....
"	.. West Liberty...	Peoples State Bank..... John Lewis, <i>P.</i>	Gilman, Son & Co. <i>Cas.</i>
	\$50,000	Thos. Birkett, <i>V. P.</i>	
KAN....	Goodland.....	State Bank of Goodland. C. H. Barlow, <i>P.</i>	Chemical National Bank. S. T. Barlow, <i>Cas.</i>
	\$50,000	J. E. Rule, <i>V. P.</i>	
"	.. Kansas City....	Exchange Bank.....	United States National Bank.
	\$50,000	Isaac D. Wilson, <i>P.</i>	Alonzo W. Little, <i>Cas.</i>
		Chas. Lovelace, <i>V. P.</i>	E. B. Jennings, <i>Ass't Cas.</i>
"	.. La Crosse.....	First National Bank.....	Chase National Bank.
	\$50,000	B. F. Coughenour, <i>P.</i>	Jno. M. Stauffer, <i>Cas.</i>
		E. S. Chenoweth, <i>V. P.</i>	
"	.. Wichita.....	Amer. Banking & Tr. Co. James R. Shields, <i>P.</i>	..... W. C. Shields, <i>Treas.</i>
	\$50,000	J. W. Lawson, <i>V. P.</i>	Henry F. Evans, <i>Sec.</i>
KY.....	Flemingsburgh.	Deposit Bk of Pearce, <i>P.</i>	.....
	\$100,000	Fant & Co. <i>P.</i>	Imp. & Traders National Bank.
		E. E. Pearce, <i>P.</i>	Thos. S. Andrews, <i>Cas.</i>
		W. S. Fant, <i>V. P.</i>	
"	.. Fulton.....	Farmers Tobacco Bank. W. H. Phipps, <i>P.</i>	Latham, Alexander & Co. C. E. Rice, <i>Cas.</i>
	\$10,000	N. J. Paschall, <i>V. P.</i>	
LA....	New Orleans...	American National Bank. H. Gardes, <i>P.</i>	American Exchange Nat. Bank. W. W. Girault, <i>Cas.</i>
MASS...	Lawrence.....	Merchants Nat. Bank.....	.....
	\$100,000	James R. Simpson, <i>P.</i>	Denman Blanchard, <i>Cas.</i>
		W. E. Parker, <i>V. P.</i>	
MICH...	Belding.....	Belding Savings Bank.....	Chase National Bank.
	\$25,000	David E. Wilson, <i>P.</i>	Chas. E. Hills, <i>Cas.</i>
		Frank R. Chase, <i>V. P.</i>	
"	.. Ironwood.....	First National Bank.....	American Exchange Nat. Bank.
	\$50,000	Solomon S. Curry, <i>P.</i>	Edward D. Nelson, <i>Cas.</i>
		John A. McLeod, <i>V. P.</i>	
MINN...	Pipe Stone.....	First National Bank.....	.....
	\$50,000	Chas. Mylius, <i>P.</i>	Henry E. Briggs, <i>Cas.</i>
"	.. Wheaton.....	Bank of Wheaton.....	Chatham National Bank.
	\$10,000	David Burton, <i>P.</i>	Andrew Peterson, <i>Cas.</i>
		O. R. Lippill, <i>V. P.</i>	
MO.....	Green City.....	Comstock Banking Co. Ichabod Comstock, <i>P.</i>	..... Chas. B. Comstock, <i>Cas.</i>
			L. L. Comstock, <i>Ass't Cas.</i>
"	.. Hunnewell.....	Hunnewell Bank.....	Chase National Bank.
	\$10,000	John V. Cox, <i>P.</i>	Wm. F. Blackburn, <i>Cas.</i>
		John Bohrer, <i>V. P.</i>	Ed. L. Blackburn, <i>Ass't Cas.</i>
"	.. Lee's Summit..	Farmers Bank.....	National Bank of the Republic.
	\$26,000	John C. Jones, <i>P.</i>	W. B. George, <i>Cas.</i>
		R. G. Wilson, Jr., <i>V. P.</i>	C. C. Chandler, <i>Ass't Cas.</i>
"	.. Linneus.....	Farm. & Merchants Bank. Jos. Combs, <i>P.</i>	Bank of North America. J. H. Wilkerson, <i>Cas.</i>
	\$10,000		G. W. Stephens, Jr., <i>Ass't Cas.</i>
"	.. Springfield.....	Springfield Savings Bank. Alfred H. Rogers, <i>P.</i>	National Bank of Commerce. Archibald F. Ingram, <i>Treas.</i>
	\$50,000	John R. Ferguson, <i>V. P.</i>	
NEB...	Alliance.....	American Bank.....	Chemical National Bank.
	\$25,000	O. M. Carter, <i>P.</i>	R. M. Hampton, <i>Cas.</i>
		C. S. Montgomery, <i>V. P.</i>	
NEV....	Elko.....	Henderson B'k'g. Co.....	Eugene Kelly & Co.
	\$50,000	Jefferson Henderson, <i>P.</i>	John Henderson, <i>Cas.</i>
		L. O. Henderson, <i>V. P.</i>	
N. Y...	Albany.....	Park Bank.....	National Park Bank.
	\$100,000	Grange Sard, <i>P.</i>	Edwin A. Griffin, <i>Cas.</i>
		R. C. C. Pruyn, <i>1st V. P.</i>	
		Jas. D. Wasson, <i>2d V. P.</i>	
"	.. Brooklyn.....	Wallabout Bank.....	National Shoe and Leather Bank.
	\$100,000	Isidore M. Bon, <i>P.</i>	Chas. A. Sackett, <i>Cas.</i>
		Edwin Ludlam, <i>V. P.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ORE....	Independence...	Independence Nat. Bank. \$50,000 H. Hirschberg, P.	W. P. Connaway, <i>Cas.</i>
PENN...	Mount Carmel...	First National Bank..... \$50,000 E. C. Tier, P.	M. K. Watkins, <i>Cas.</i>
S. C....	Charleston.....	Palmetto Dime Sav. Ins. \$25,000 Wm. A. Courtenay, P.	Mercantile National Bank. John J. Sullivan, <i>Cas.</i>
TENN..	Chattanooga...	The Trust & Banking Co. \$20,000 Chas. C. Righter, P.	Merchants Exchange Nat. Bank. John R. Wallace, <i>Cas.</i>
		C. E. James, <i>V. P.</i> H. Bond, <i>V. P.</i>	
" ..	Goodlettsville...	Bank of Goodlettsville... \$10,000 J. O. Bass, P.	Benj. F. Myers, <i>Cas.</i>
		R. A. Cartwright, <i>V. P.</i>	Wm. Vess, <i>Ass't Cas.</i>
" ..	Jackson....	Peoples Savings Bank... C. Anderson, P.	Henry B. Gilmore, <i>Cas.</i>
		Levi S. Wood, <i>V. P.</i>	
" ..	Newport.....	Newport Bank..... \$25,000 B. D. Jones, P.	Chase National Bank. S. A. Burnett, <i>Cas.</i>
		W. J. McSween, <i>V. P.</i>	
TEXAS..	Ballinger.....	Runnells Co. Bank..... \$50,000 (David P. Gay & Co.)	Hanover National Bank. Albert S. Reed, <i>Cas.</i>
" ..	Clarksville.....	First National Bank..... \$50,000 A. B. Dick, P.	Seaboard National Bank. J. T. McDonald, <i>Cas.</i>
		Geo. C. Baker, <i>V. P.</i>	R. M. Walker, <i>Ass't Cas.</i>
" ..	Weatherford...	Merchants & Farm. N. B. \$100,000 W. H. Eddleman, P.	
VT....	Hyde Park.....	Lamoille Co. Sav. B'k & Tr. Co. \$25,000 Carroll S. Page, P.	Clarence A. Knight, <i>Treas.</i>
		H. M. McFarland, <i>V. P.</i>	
WASH.	Sehome.....	Bellingham Bay Nat. B'k. \$60,000 F. M. Wade, P.	James W. Morgan, <i>Cas.</i>
MAN'BA.	Brandon.....	Commer. B. of Manitoba.	

CHANGES, DISSOLUTIONS, ETC.

(Continued from February No., page 639.)

ALA....	Bessemer.....	Berney Bros., succeeded by Bank of Bessemer, same correspondents.
" ..	Sheffield....	Bank of Sheffield has retired from business.
COL....	Kit Carson....	Bank of Kit Carson has removed to Seibert, and changed its title to Bank of Seibert.
" ..	La Junta.....	Bank of La Junta and Bank of Commerce have been succeeded by Bank of Eastern Colorado.
" ..	Pueblo.....	South Pueblo National Bank has changed its title to Central National Bank.
GA....	Quitman.....	Clayton, Groover & Co. has been succeeded by Bank of Quitman.
ILL....	Beardstown....	Cass County Bank, now First State Bank, same officers.
" ..	Warren.....	Clark & Richardson, now Clark, Hawley & Co.
IOWA...	Bentonsport..	Greef, Pergrin & Greef has been succeeded by Julius Greef, same correspondents.
" ..	Carroll.....	Farmers Bank, succeeded by First National Bank, same correspondents.
" ..	Exeter.....	Bank of Exeter has assigned and been succeeded by the Exchange Bank.
" ..	Fort Madison..	Bank of Fort Madison has been succeeded by First National Bank.
" ..	Iowa City....	Iowa City National Bank will shortly go into voluntary liquidation, and be succeeded by the Iowa State Bank.
" ..	Missouri Valley.	Marcellus Holbrook, succeeded by Valley Bank, same correspondents.

- IOWA...** Pomeroy Pomeroy Exchange Bank (Brownell & Horton), now Horton & Co., proprietors.
- .. Waucoma. Bank of Waucoma (S. B. Zeigler & Co.), now W. H. Stone, proprietor.
 - .. Waukon..... Waukon Bank has changed its title, and is now The Old Waukon Bank, same officers.
 - .. West Liberty... Peoples Bank has been succeeded by the Peoples State Bank.
- KAN....** Appomattox. .. Peoples Bank has closed.
- .. Goodland..... Kansas Banking Co. has been succeeded by State Bank of Goodland, same correspondents.
 - .. Manhattan..... Blue Valley Bank (W. P. Higinbotham) has assigned.
 - .. Moline..... Moline Bank (Downing, Hanson & Co.), now W. H. Downing, proprietor, same correspondents.
 - .. Pratt..... Wilson, Weaver & Co. have gone into voluntary liquidation.
 - .. Spivey..... Bank of Spivey has gone out of business.
 - .. Voltaire..... State Bank of Voltaire has changed its location to Brewster, same title, officers and correspondents.
- KV.....** Flemingsburg. Fleming County National Bank has gone into voluntary liquidation, succeeded by Deposit Bank of Pearce, Fast & Co., same correspondents.
- MICH...** Ewart..... Bank of Ewart reported closed.
- .. Ironwood Bank of Ironwood (O. E. Karste), now Fr. Karste, Son & Co., proprietors.
- MINN..** Duluth..... Hall Bros. & Co., succeeded by Hall & Co.
- MO.....** Kansas City... Ross & Bergen have been succeeded by Jno. J. Ross.
- .. Linneus..... Combs & Wilkerson, succeeded by Farmers & Merchants Bank, same correspondents.
- MONT..** Anaconda. Hoge, Daly & Co. is now the First National Bank.
- NEB....** Clarkson..... Clarkston State Bank has gone into voluntary liquidation.
- .. Kearney..... John F. Burt & Co. are now located at Crete.
 - .. North Platte... Central Nebraska Loan & Trust Co. is closing up its business.
- NEV. ..** Elko..... J. Henderson has been succeeded by the Henderson Banking Co., same correspondents.
- ORE....** Albany..... Linn County Bank (Cowan, Ralston & Co.) now Cowan, Ralston & Chamberlain, proprietors.
- .. Pendleton..... Pendleton National Bank has gone into voluntary liquidation.
- PENN...** Pottstown..... Banking House of M. Burr Casselberry & Co. have retired from business.
- TENN..** Memphis..... Memphis City Fire & Gen'l Insurance Co., now Memphis City Bank, same officers and correspondents.
- TEXAS..** Clarksville..... Citizens Bank has been succeeded by the First National Bank.
- .. Cleburne..... Bank of Cleburne (Heard, Allen & Floore), now Heard, Moss & Floore, proprietors.
 - .. Seymour..... J. C. Ziegler has retired from the banking business.
- VA.....** Liberty..... Bank of Bedford reported assigned.
- MAN'BA.** Morden..... Dunsford & Co. have been succeeded by the Commercial Bank of Manitoba.
- N. S....** Shelbourne Halifax Banking Co. has closed.

UNION SQUARE BANK—Capital paid in, \$200,000; Surplus, \$25,000.—This bank will open on Monday, March 4, with the following officers and directors: Frederick Wagner, president; Dr. Joseph Wiener, 1st vice-president; John J. Gibbons, 2d vice-president; Adam Fahs, cashier; Jacob W. Scheu, assistant cashier. Directors: Edward Uhl, Philip Henry Dugro, Joseph Wiener, George A. Steinway, Adam Weber, Jacob Ottmann, John G. Grissler, Henry Iden, Paul Loesser, Frederick Wagner, Henry Herrmann, Herman Wunderlich, Paul Goepel, John Reilly, John J. Gibbons, Samuel D. Folsom, Charles Steckler, Henry Bischoff, Jr., Marvin S. Buttles, Charles Goeller, Louis C. Raegener, George H. Stonebridge, Jr., E. J. H. Tamsen, and Wendolin J. Nauss.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from February No., page 638.)

3970	First National Bank.....	B. F. Coughenour, La Crosse, Kan.	John M. Stauffer,	\$50,000
3971	First National Bank.....	Solomon S. Curry, Ironwood, Mich.	Edward D. Nelson,	50,000
3972	First National Bank.....	J. S. Cooper, Independence, Ore.	W. H. Hawley,	50,000
3973	First National Bank.....	A. P. Dick, Clarksville, Texas.	J. T. McDonald,	50,000
3974	First National Bank.....	Joseph B. Morrison, Fort Madison, Iowa.	W. H. Miller,	100,000
3975	Merchants & Farm. Nat. Bank.	W. H. Eddleman, Weatherford, Texas.		100,000
3976	Bellingham Bay National Bank.	F. M. Wade, Sehome, Wash.	James W. Morgan,	60,000
3977	Merchants National Bank.....	James R. Simpson, Lawrence, Mass.	Denman Blanchard,	100,000
3978	American National Bank.....	H. Gardes, New Orleans, La.	W. W. Girault,	200,000
3979	Independence National Bank..	H. Hirschberg, Independence, Ore.	W. P. Connaway,	50,000
3980	First National Bank.....	E. C. Tier, Mount Carmel, Pa.	M. K. Watkins,	50,000
3981	First National Bank.....	R. L. Bliss, Florence, Ala.	N. C. Elting,	50,000
3982	First National Bank.....	Chas. Mylius, Pipe Stone, Minn.	Henry E. Briggs,	50,000

DEATHS.

BODE.—On January 21, WALTER C. BODE, Cashier of Falls Bank, Sheboygan Falls, Wis.

BRADFORD.—On January 29, aged eighty-one years, JAMES BRADFORD, of the firm of Bradford & Son, Greenville, Ill.

BRECK.—On February 9, aged fifty-eight years, EDWARD C. BRECK, Assistant Cashier of Commercial Bank, St. Louis, Mo.

CHASE.—On January 25, aged sixty-nine years, HIRAM W. CHASE, President of La Fayette Savings Bank, La Fayette, Ind.

HEGGELUND.—On February 26, O. HEGGELUND, President of the Second National Bank, McPherson, Kan.

MCADEN.—On January 24, aged fifty-six years, RUFUS Y. MCADEN, President of First National Bank, Charlotte, N. C.

MESSER.—On February 4, aged eighty-nine years, FREDERICK G. MESSER, late President of National Traders Bank, Portland, Me.

PAXTON.—On February 1, aged seventy-two years, CHARLES R. PAXTON, President of First National Bank, Bloomsburg, Penn.

PIERCE.—On January 30, aged seventy-three years, HORATIO S. PIERCE, President of First National Bank, Carbondale, Pa.

SPRIGG.—On February 4, aged seventy-two years, GEORGE H. SPRIGG, Cashier of York National Bank, York, Penn.

WADHAMS.—On January 18, aged sixty-four years, ELIJAH CATLIN WADHAMS, President of First National Bank, Wilkes Barre, Pa.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, FEBRUARY, 1889.

Opening, Highest, Lowest and Closing Prices
of Stocks and Bonds in February.

GOVERNMENTS.					RAILROAD STOCKS.					MISCELLANEOUS.				
Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.		Open- ing.	High- est.	Low- est.	Clos- ing.		Open- ing.	High- est.	Low- est.	Clos- ing.
Quarterly Mar.	107 7/8	107 7/8	107 7/8	107 7/8	Col. H. Valley & Tol.	27 1/4	28 1/4	26 1/4	—	Norfolk & Western	18	18	17	—
	109	109	109	109	Col. & H. C. & I.	20 1/4	21 1/4	18 1/4	—	Do	52 1/2	53 1/2	51	51 1/2
	128	127 1/2	128 1/2	127 1/2	Del. & Hudson	137 3/4	137 3/4	135	135	Northern Pacific	26 1/2	27 1/2	26 1/2	26 1/2
	128	127 1/2	128 1/2	128 1/2	Den. & Rio Grande	142	142 1/2	140 1/2	141 1/2	Do	61 1/2	62 1/2	60 1/2	60 1/2
Quarterly Jan.	107 7/8	107 7/8	107 7/8	107 7/8	Do	—	—	—	—	Ohio & Mississippi	24 1/2	24 1/2	23	23
	109	109	109	109	Do	—	—	—	—	Do	17 1/2	17 1/2	14	14
	128	127 1/2	128 1/2	127 1/2	East Tenn. V. & G.	9	9 1/2	9	9 1/2	Ohio Southern	70 1/2	72 1/2	70 1/2	70 1/2
	128	127 1/2	128 1/2	128 1/2	Do 1st pref.	67 1/2	70 1/2	67	67	Oregon Imp.	94	99 1/2	92 1/2	99 1/2
Quarterly Feb.	120	120	120	120	Do 2d pref.	23	21 1/2	22 1/2	22 1/2	Oregon R. & N.	44 1/2	49 1/2	43 1/2	49 1/2
	121 1/2	122 1/2	122 1/2	122 1/2	Fort Worth & Den.	13	13	12	—	Oregon Short Line	31 1/2	34	31 1/2	34
	125 1/2	125 1/2	125 1/2	125 1/2	Houston & Texas C.	115	116	106 1/2	—	Pacific Mail	38	40	36 1/2	36 1/2
	128 1/2	128 1/2	128 1/2	128 1/2	Illinois Central	122	122	122	109	Peoria, Decatur & Evansville	25	28 1/2	24 1/2	26
Quarterly July.	128 1/2	128 1/2	128 1/2	128 1/2	Indiana, Bloom. & Western	125	125	125	175	Philadelphia & Reading	49 1/2	49 1/2	46 1/2	47 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Lake Erie and Western	128	128 1/2	128	18 1/2	Pullman Palace Car Co.	106 1/2	106 1/2	104 1/2	104 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Do	105	105 1/2	103 1/2	57 1/2	Rich. & W. P. Term.	25 1/2	25 1/2	20 1/2	20 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Do pref.	91 1/2	96	91 1/2	104 1/2	Rome, W. & Ogd.	101	102 1/2	100 1/2	100 1/2
Quarterly Aug.	131 1/2	131 1/2	131 1/2	131 1/2	Long Island	91 1/2	96	91 1/2	59 1/2	St. Louis, A. & T. H.	46	50 1/2	45 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Louisville and Nashville	59 1/2	61 1/2	58 1/2	—	Do	46	50 1/2	45 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Louisville, N. Alb. & Chic.	52	61 1/2	58 1/2	46 1/2	Do	26	26 1/2	25 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Manhattan Consol.	94	102 1/2	94	102 1/2	St. Louis & San Francisco	64 1/2	64 1/2	61 1/2	—
Quarterly Sept.	131 1/2	131 1/2	131 1/2	131 1/2	Marq. H. & O.	14	14	13	—	Do	111 1/2	111 1/2	110 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Do	—	—	—	—	Do	40	40 1/2	38 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Memphis & Charleston	—	55 1/2	87	89 1/2	Do	105	105	103	—
	131 1/2	131 1/2	131 1/2	131 1/2	Michigan Central	88 1/2	91 1/2	86 1/2	77 1/2	St. Paul, M. & M.	35	35 1/2	34 1/2	—
Quarterly Oct.	131 1/2	131 1/2	131 1/2	131 1/2	Mil. L. S. & W.	60 1/2	77 1/2	60 1/2	105 1/2	Southern Pacific Co.	34 1/2	37 1/2	34 1/2	37 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Do	96	7	5 1/2	—	Tenn. Coal & Iron	22 1/2	22 1/2	21 1/2	21 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Minn. & St. Louis	6	7	5 1/2	—	Texas & Pacific	65	66 1/2	66 1/2	66 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	Do	13 1/2	13 1/2	12 1/2	—	Union Pacific	13 1/2	13 1/2	13 1/2	13 1/2
Quarterly Nov.	131 1/2	131 1/2	131 1/2	131 1/2	Mo., Kan. & Texas	13 1/2	13 1/2	12 1/2	—	Virginia Midland	39 1/2	39 1/2	39 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Missouri Pacific	74	74	70 1/2	72	Wabash, St. Louis & Pacific	27 1/2	27 1/2	25 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	Nash., C. & St. L.	83 1/2	92	83 1/2	108 1/2	Do	149	153	148 1/2	150
	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. C. & Hudson	110 1/2	110 1/2	108 1/2	—	MISCELLANEOUS—	111	116	110 1/2	—
Quarterly Dec.	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. C. & St. L.	19	19 1/2	18 1/2	—	Express-Adams	149	153	148 1/2	150
	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. D. E. & W.	74 1/2	77 1/2	73 1/2	—	American	111	116	110 1/2	—
	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. & New Eng.	69 1/2	69 1/2	66	—	United States	76 1/2	84 1/2	75	83
	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. Ont. & W.	47 1/2	48 1/2	45 1/2	—	Wells-Fargo	143 1/2	144 1/2	143 1/2	143 1/2
Quarterly Jan.	131 1/2	131 1/2	131 1/2	131 1/2	Do	18 1/2	19 1/2	18 1/2	—	Western Union	144 1/2	144 1/2	144 1/2	144 1/2
	131 1/2	131 1/2	131 1/2	131 1/2	N. Y. Sun & W.	34 1/2	35 1/2	33 1/2	—	Silver Bullion Cert.	—	—	—	—
	131 1/2	131 1/2	131 1/2	131 1/2	Do	—	—	—	—	Do	—	—	—	—
	131 1/2	131 1/2	131 1/2	131 1/2	Do	—	—	—	—	Do	—	—	—	—

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NOTES ON BANKING IN NEW YORK CITY.

I.

We propose to consider some practical questions which, in our judgment, are worth considering by all who are interested in the prosperity of the banking institutions of this city. We shall begin with some remarks on the rise of trust companies, their success and practices, and afterward consider whether some of the practices of the banks must not be changed if they expect to compete successfully with these new comers for business.

We say, new comers, for this may be truly said of them; here are the names, even of the oldest, the time of their organizing, and resources:

<i>Name.</i>	<i>Organized.</i>	<i>Resources.</i>
Farmers' Loan and Trust Company.....	1822	\$27,300,260 76
New York Life Insurance and Trust Company.....	1830	24,061,855 58
United States Trust Company.....	1853	42,507,201 73
Union Trust Company.....	1864	30,636,957 68
Brooklyn Trust Company.....	1866	11,950,463 12
Mercantile Trust Company.....	1868	20,931,328 13
Manhattan Trust Company.....	1871	4,460,592 85
American Loan and Trust Company.....	1872	4,583,860 29
Long Island Loan and Trust Company.....	1873	3,480,695 01
Central Trust Company.....	1873	26,536,349 29
Knickerbocker Trust Company.....	1881	2,382,464 16
Metropolitan Trust Company.....	1881	8,468,466 18
Title Guarantee and Trust Company.....	1882	1,066,026 31
Atlantic Trust Company.....	1887	7,091,482 82
Holland Trust Company.....	1888	2,151,467 36
Franklin Trust Company, Brooklyn.....	1888	3,179,402 94
The Nassau Trust Company of the City of Brooklyn.....	1888	2,490,663 19

From these facts it will be seen that most of the trust companies are youthful in age, but several of them have already attained full manhood in development. The value of their stocks clearly shows that they have the confidence of the public, and a promising future is before them. Their rapid increase, created and directed for the most part by very sagacious business men, is the clearest indication that they regard a trust company as better adapted for money-making than a bank, for no more money is required as a foundation in the one case than in the other. The choice of instrument is determined by its quality; and the trust company is formed instead of the bank, because, all things considered, it is the most effective instrument for money-making purposes. During the last five years the following banks have been formed in this city:

Nineteenth Ward Bank.	The Mechanics and Traders' Bank.
Riverside Bank.	The Homestead Bank.
Union Bank.	The Bank of New Amsterdam.
Lenox Hill Bank.	The Bank of Harlem.
The Hudson River Bank.	Hamilton Bank.
Fourteenth Street Bank.	Twenty-Third Ward Bank.
Clinton Bank.	East Side Bank.
Empire State Bank.	The Bowery Bank.
The Gansevoort Bank.	Union Square Bank.
The Twelfth Ward Bank.	

These facts show clearly enough with what favor trust companies are regarded by their projectors for conducting a banking business, while their success in attracting deposits is equally convincing proof of their favorable regard by the public.

What is the explanation of their rapid growth, what practices have they adopted to which their success can be ascribed? At the outset, it is said that they are favored in the way of taxation. Under existing statutes, as construed by the courts, the demands on them by city and State are much lighter than the demands on the banks. This is well understood, and the difference is a very considerable item in the profit and loss account.

But the chief difference is the practice by trust companies of paying interest on deposits; and their success in winning them is largely due to this. For this payment of interest the banks, in many cases, make no corresponding return. So the trust companies are rapidly accumulating deposits; so rapidly, indeed, that the banks should inquire whether they must not offer new inducements of some kind to hold their old depositors and add to their numbers. No bank can wisely suffer itself to float long on a dead sea in conducting its business. If names are not added, depositors die, and its resources shrink. Something must be done to sustain a vigorous life; the moment a bank ceases to grow it begins to dry up.

Why should not the banks pay interest on local deposits? In the first place it may be remarked that the opposition formerly existing to the paying of interest on outside or foreign balances has almost or wholly ceased. For a long period the contest raged whether interest on such deposits should be paid or not, and usually the decision of the Clearing House was against paying it. Notwithstanding such action, as it was not binding, but only opinionative, the banks very generally continued in their old ways, those which had paid interest continuing to pay, while those which had not, felt, perhaps, more strongly justified in their course. The arguments for and against the practice we shall not review. The single fact to hold up here is that interest is now generally paid on them; that they would not be drawn to New York if it were not paid; and that the banks, though paying it, profit by the practice. If they did not, they would not pay it; this is the conclusive answer. At times they have unquestionably suffered from paying it, and there were strong reasons formerly for not doing so, but these have grown weaker, and the present practice of paying has abundant justification. These outside deposits, notwithstanding the price paid for them, are a valuable portion of the resources of the banks in this city, and, as a whole, have been a source of profit to them.

Again, there is no moral argument against paying them. The question is one purely of profit. Will it pay? The answer is, it has paid to divide the profits from the use of these deposits with the senders.

In the third place, this practice, in our opinion, must be extended to some extent to paying interest on local deposits, or the banks will be depleted by the trust companies, unless they can offer other advantages which will be equally attractive. I suppose that the idea will be regarded with disfavor by many, but before condemning this change in practice the situation should be squarely faced. If the practice is extended, says the banker, if I pay interest on accounts which I have long kept for nothing, will not my profits be diminished? Certainly they will be. But if you do not pay interest, and these deposits are taken away from you, will not your profits diminish much more? Now it is certain in some cases, perhaps many, that if you do not offer greater inducements to your depositors they will go to the trust companies. In other words, as the trust companies are offering better terms to depositors, so must the banks, or they will lose them.

Of course, this practice means diminished profits, in the aggregate, unless enough more deposits can be attracted to make good the loss from paying interest on them, or, in other language, from dividing the profits with depositors. But, on the other hand, if

interest is not offered, deposits will inevitably shrink, we fear, in not a few of our banking institutions, or, at all events, not increase, or not so rapidly as they would if their practice conformed more nearly to that of the trust companies. It may be added that the prospect in any case for the banks is less favorable than it was, for the obvious reason that, with the formation of so many new companies, competition will be keener, and a smaller share of profit will be left for the banks. Thus far they have been exceptionally profitable as compared with other kinds of business, but their success is leading to the rise of so many new concerns, with fresh life and a desire to succeed, that the older banks cannot reasonably hope for as large dividends in the future.

The lesson of Philadelphia is instructive, and should be heeded. The deposits, individual, public, and due to other banks, in the forty-three national banks, last October, amounted to \$109,082,099.58, while those in the trust companies and the Drexel Banking House are estimated at \$59,500,000, or more than half the amount held by the national banks. Moreover, of the national bank deposits, \$17,188,817.50 were those of other national banks which the trust companies could not legally keep.

Why have the trust companies drawn so many deposits into their net, in comparison with those drawn into the banks? The potent argument has been the payment of interest. The strength of the magnetic current has usually been two per cent. The banks have calmly looked at their competitors, and have seen them get the most profitable accounts and pay the best dividends, and then have resolutely concluded that this was a very bad business, and ought not be done. So they have clung to their old practice, having enjoyed the serene pleasure of condemning it, even at a pecuniary loss, while their good-natured rivals have been happy because their practice was condemned, and have wished for nothing more strongly than for the banks to continue their condemnation, perfectly content to let the banks burn their paws by stirring the fire, while they themselves took the chestnuts.

The trust companies are now rapidly establishing themselves in New York, and the question is one of supreme importance, will they heed the lesson thus taught by Philadelphia, or will they continue in their old ways, believing they are powerful and winsome enough to hold their customers, whatever may have been the experience of banks in other places? Shall they meet the new, but rightful invader in a good-natured, but determined fashion, by employing his own longer-range weapons, or shall they continue to use their old ones, saying these, or nothing?

It is said that the twenty-five per cent. reserve which the national banks are required to keep, and which the best managed institu-

tions believe is needful, is potent in drawing deposits, especially the heavier ones. Doubtless many do consider this in selecting a bank for keeping their deposits, yet the magical effect of offering to pay interest on them is great. Perhaps the question of security is more carefully weighed by the depositors in large cities, who know more about banking operations, than by depositors in the smaller places where the business of banking is less understood. Yet the soundness of the trust company practices in New York City cannot be questioned, and most of these institutions have lived long enough to acquire strong and extensive confidence.

Of course, if the banks can offer some inducement as an equivalent for paying interest, they may be able to retain their customers. One of these inducements has been the collection of checks, and sometimes the crediting of them as cash when deposited, and permitting other checks to be drawn against them. This is the same thing, in effect, as giving a bonus or interest for the deposit, beside incurring the expense of collecting. Many a customer is content with such returns for his deposits, and will ask for nothing more.

Another reason why the banks should consider the expediency or need of paying interest is that customers depend less on them for discounts than formerly, looking more and more to bill-brokers to negotiate their notes. Whether they are wise in thus drifting away from the banks and trusting to the bill-brokers, is a question concerning which much might be said, but the fact of the change will not be denied. Now one of the immediate consequences of this change is that customers, feeling the need of bank assistance less than they once did, are less particular about the amount of their deposits. And why should they care? If they depend on their bank for nothing, if they have no favors to ask, there is no reason why they should extend favors to it in the way of keeping a large or uniform balance.

Lastly, since the repeal of the usury law there is no longer any reason why a depositor should keep balances as a means of enabling banks to get a larger return for their money than they were permitted to receive as a direct compensation. In the light of these reasons, one can readily see how the question of paying interest on deposits has become a very different question from what it was. Customers have become richer and more independent; money, too, is more abundant, and the rates of interest are lower; and thus the relation is not so close between bank and customer as it once was. Evidently new methods must be adopted to hold him, or he will be lost. The success of the trust companies is the convincing proof; should not the banks heed the lesson so plainly taught?

II.

THE RESERVE FUND.

One of the gravest defects in the national banking law relates to the keeping of the reserve. The national banks of this city are required to keep an amount equal to twenty-five per cent. of their circulation and deposits; and whenever the amount is less than the legal requirement, the deficiency must be restored within thirty days after notification by the Comptroller. The operation of this requirement is that the banks have no reserve at all, using that word in the proper sense, and considering the peculiar situation of the New York City banks. This statement will appear more clearly by a brief explanation.

The theory of a bank reserve is, to keep money enough on hand during ordinary periods of business to supply the demand therefor during unusual or extraordinary periods. It is believed that twenty-five per cent. is sufficient to meet the unusual demand, and, consequently, this amount is fixed by law. The remainder of a bank's resources is loaned, and it is regarded as good banking to divide the seventy-five per cent. between call loans and time paper. The soundness of the call-loan policy, supposing the money can readily be demanded and paid, will be considered hereafter. Anyhow, a bank seeks to keep out the amount which it is authorized to lend at all times, for, of course, its profits depend on lending as much as possible on good security.

This policy, therefore, is pursued, and in the autumn, when more money is demanded, it cannot be had if the banks have been fortunate enough to lend to the legal limit. It is true that they often cannot find employment for the seventy-five per cent. during the spring and summer, and, consequently, they have a considerable amount to lend in the autumn. Moreover, some banks prefer to keep their money during the summer, even if having an opportunity to lend it, expecting to get much higher rates by waiting. But when the seventy per cent. is loaned, and more money is wanted, what then? The reserve cannot be touched, for, if taken, it must be replaced within thirty days, and it cannot be used to advantage for so short a period. It is needed for four months at least, to send South and West, and cannot be replaced until it has done its work and flows back to the banks through the ordinary operations of trade.

The only use, therefore, which can be made of the reserve is very brief; but, unfortunately, when the extraordinary occasions arise for thus using it, the amount needed is very great, and even the entire reserve has proved insufficient. Thus, the reserve, as now defined and administered, has largely failed to accomplish the work of a true reserve; and the question is in order, what can be done to make it more effective?

The above explanation of the situation of the banks and the demands of borrowers for money, reveal in part the remedy. The banks should be permitted to lend a considerable portion of their reserve for that period of the year when the demand for money is greatest. Doubtless, the intensity of this demand will lessen in a few years when more banks are established in the South and West, whereby money shall circulate more rapidly than it does at present. But the cessation is certainly several years away; and the law should be changed now, so that the annual stringency and anxiety springing from this event may be lessened.

Concerning the use of the deposits in the national Treasury to increase the monetary supply, something will be said hereafter.

ALBERT S. BOLLES.

THE METHODS OF MONOPOLY.

The fall of the French copper syndicate is replete with valuable lessons. Those who are opposed to monopolies point with exultation to this failure, and say that every attempt to interfere with the natural laws of trade is sure to have a similar ending. They confidently assert that any attempt, either by a government or by an individual, to promote trade by setting aside natural laws, as they are called, must inevitably come to naught. At best, any attempt of this nature is short-lived. These natural laws re-assert their power; they spring upward, however great may be the deflection for a moment. Of course, there is a very considerable basis of truth in these assertions, but they are not wholly true, as will be clearly seen, we think, before concluding this article.

The first fact to keep in sight in considering the operations of this syndicate is, the monopoly was created in a product not produced by themselves, but by others. In other words, their object was to buy the product and to feed the market in such a manner as to extort the largest possible price from consumers. Most of the monopolies which have been formed recently are radically different in this regard. They have been formed by producers, and chiefly for the reason that competition among them had become excessive, and profits, consequently, had been diminished to a very low point, frequently, indeed, they had entirely ceased. In most of these cases they were so low that it was needful to do something to enhance them, or to retire from business. But the creators of this copper monopoly faced no such difficulty. They were not producers, but as free as the birds of the air in their movements. They therefore deliberately entered into this scheme, not to protect themselves in any way, but simply to make as much money

as they possibly could from the public by the purchase and sale of copper. No thought of a reasonable profit ever entered their minds. Nor did they form this monopoly as a philanthropic undertaking to relieve the copper producers who were suffering from over-production. The syndicate simply knew that there had been an over-production; that copper was very low, and they believed that, by combining and restricting the output, prices could be largely advanced and great profits be reaped. These were the motives of the projectors.

In the case of the sugar trust and other ones that have been formed in this country and elsewhere during the last two or three years, excessive production, followed by unremunerative prices, was the motive for combining; and furthermore, the combination in almost every case except this has been among the producers themselves, and not among middle-men. It is true we have read occasionally of a monopoly or corner in some product by dealers—in quinine, or bananas or peanuts, now and then in wheat and other products; but all of these corners or monopolies were short-lived, and were intended from their very nature to be so, and are therefore wholly different from the copper monopoly which has just come to an end.

If these facts are true, and we think they will not be disputed, the moral basis of this monopoly is entirely different from the monopolies formed by manufacturers. We cannot perceive, whenever excessive competition has occurred among them, why they should not agree to lessen production and to establish a reasonable price compared with the price in other things. Such an agreement would be stamped with public approval. No harm is done to society, and no principle is violated, until the persons thus combining seek to obtain an undue profit from their enterprise. When this occurs, then the public complains, and rightly, too; but so long as reasonable profits are earned, measured by the profits in other products, the agreement is helpful to all; nor do we believe that any natural law of commerce or trade is violated in observing it.

Furthermore, it is true that many of these monopolies formed by producers have been long kept within reasonable limits. Even the Standard Oil Company, of which so much has been said, has certainly observed two principles from the beginning in conducting their business. First, they have furnished a safe quality of oil for the market, and second, it has been furnished at a reasonable price. No one can say that the company has ever dealt unfairly with the public in the sale of its products. A good article, and at a fair price, has been furnished from the beginning, and the consumer has doubtless fared much better than he would had excessive competition existed; for, in that event, probably a great deal of

poor oil would have been used and accidents would have happened. The persons who have suffered are rival producers. It has been remorseless in dealing with them, and thus far it seems to have succeeded in strangling, sooner or later, every competitor; but it has always kept a sharp eye on the public and served it faithfully and honestly, and this is the reason why so little interest has attended the investigations into the Standard Oil Company's modes of doing business. So long as the public has not suffered, it has cared very little for the woes of the producer; he, consequently, has been left to fight his battles alone against this giant concern.

Whether a monopoly is, therefore, a good thing or not, depends entirely on its principle of action. If it becomes too greedy, like the copper syndicate, and seeks to extort the largest possible profits from the public, then it is to be condemned without question. If it seeks to gain only reasonable profit, then the public should not complain. It is true, however, that, as between competition and monopoly, the public is likely to suffer less from the operation of competition than from that of monopoly; but there are many exceptions. It cannot be questioned that for the last few years competition in many products has been excessive, losses have been great, and a remedy of some kind has sternly been demanded. Monopoly, therefore, is the present remedy. Whether it proves effective or not depends entirely on his reasonable working of the principle. If the monopolist shall not attempt to gain too much, his monopoly, doubtless, will continue, and with the public approval. If he becomes too greedy, his day, doubtless, will be as short as that of the syndicate which has just gone down amid so much rejoicing everywhere.

There is another phase of this movement worth mentioning before we conclude. A very considerable tariff has been imposed on copper to protect the American manufacturer. In view of his course in selling his product to the syndicate, and thereby becoming a participator in its methods to extort as much as possible from the public, he has certainly forfeited whatever respect may have been entertained for him, and Congress should not hesitate for a moment to withdraw its protection until he brings forth fruits meet for repentance. Such an abuse of the protection of the Government should not be tolerated for an instant. These copper producers and their like should be taught that the protection of the Government for the public good cannot be perverted for the public harm.

This is the least that the Government can do in the way of dealing with these producers, and we shall be greatly disappointed if Congress does not, at the opening of the next session, take away all protection heretofore granted on this metal. It should

be taken away as a warning to all others that protection, which is intended for the public good as well as for that of the individual producer, cannot be used as a means of extorting excessive profits from the people.

A REVIEW OF FINANCE AND BUSINESS.

A MONTH OF LIQUIDATION IN TRUSTS.

The month of March will long be remembered on this, and the other side of the Atlantic, as one of liquidation, in markets that have been practically cornered for months past, and some of them for over a year. The most notable of these, was the copper market, which has been under the control of a Paris syndicate for nearly two years, with the original purpose of taking the trade in this staple away from London and English dealers, who had hitherto monopolized it. The next most important collapse was that in the wheat and flour speculation, in this country and in Continental Europe, centering in Chicago and Paris, by which enormous quantities of wheat had been bought in the New York market by Wall Street, as well as by Europe, and in Chicago by the Fairbanks clique and its followers, and Northwestern millers, last fall, on the belief that the world's supply for 1888-89 was short of its requirements, and that they would be able to control its markets. The Bull pools in railway shares, which bought in anticipation of the Presidents' agreement, have furnished the third most important illustration of the impotency of artificial means for the restriction of supply and the enhancement of prices of any staple of commerce or even of transportation. Yet the liquidation in all these three great speculations has been, in a measure, dependent upon that in copper, as the syndicate's failure shook Paris to its financial foundations, and affected all other commercial centers with which it had close relations, except London, which has made money out of the collapse in the price of copper, of which its dealers were heavily short, for they had fought the French syndicate from the start, in order to get the copper trade back from Paris, to which it had been transferred, when French operators formed the syndicate, with the avowed purpose of taking this trade from England.

COLLAPSE OF THE COPPER SYNDICATE.

In order to do this the syndicate had aimed at nothing less than the control of the world's production, including Spanish, Chilian, Mexican, and American mines, whose entire out-put was taken by it at a fixed price, while it also made the price to consumers throughout the world. It was the most gigantic attempt at trust making

this country or Europe has ever seen, and it had the strongest backing, in the shape of the richest bankers and banks in Paris, through which they were able to command the banking capital of that great city even to that of the Rothschilds, and also the aid of the Bank of France and the French Government, which undertook to save the Counter of Discounts and the Metal Society that had advanced to and guaranteed the contracts of the syndicate, until both the former were carried down with the latter. As these columns have predicted for months past, there was no alternative, and the collapse of this syndicate was inevitable from its inception. It started wrong, and the longer it continued the worse off it was. Its first error was in not limiting the out-put of the world's leading mines, and the second was in fixing the price too high, at which it was to take their total production. Instead of restricting production, which is the first step in forming a trust, they offered a premium to every mine in the combination to increase its output as much and as fast as possible, by the big profit in the fixed price at which the syndicate agreed to take all they should produce. Not only this, but that price was so high as to cause the reopening of mines that had been closed, or abandoned for years, as unprofitable, during the low prices that had previously ruled. This is not the American way of forming a trust, and as this is the home of trusts, as well as their birthplace, the French copper magnates should have studied the trust organizations of this country, and learned that the first step is to "freeze out" the smaller and weaker producers, and make the larger ones so sick of conducting their business at a loss, that they are willing to curtail production, accept a profit small enough to prevent any new competitors coming into the field, and at the same time not high enough to antagonize consumers and the public, and check consumption.

THE FATAL WEAKNESS IN THE COPPER TRUST.

The Copper Syndicate made all these fatal mistakes, and hence there was no possible chance for it to succeed. The Standard Oil Trust, which is the father of all trusts, and has been called the best organized and managed concern in the world for pure money making, proceeded on the above plan, which is the only one that can establish a successful and, therefore, permanent monopoly in any article of general production. That is, make prices so low that none but the most skilled and economical producers can successfully compete, which provides the two essential conditions to success, namely, restriction of production at the same time that low prices increase consumption. Here lies the secret of the Standard Oil Company's success. The Sugar Trust started out on the other theory, and put prices up to high water mark as fast as pos-

sible, and got the press, the public, the courts, and the State and National Legislatures after it before it had been in operation a year. Their avarice got the better of their judgment; and, as a Standard Oil official said, in condemning the management of the Sugar Trust: "They wanted the earth, and they wanted it in the first six months of its existence. The consequence is, they have got the whole community down on them." This is what the Copper Syndicate did. The great difference is, the Sugar Trust does restrict production, and has been able, so far, to keep it within safe bounds. But how long they will be able to do so, when the new refinery it has called into existence, in Philadelphia, is completed, time only can determine.

THE PANIC IN WHEAT.

As above stated, the panic in copper precipitated that in wheat and in stocks, if it did not cause them in part, although there is no doubt that had either been in good legitimate position, they would have been comparatively unaffected. But they were not, for both were held by cliques and pools which were obliged to borrow large sums of money to hold those markets, as well as the Copper Syndicate. Hence, when that collapsed, Paris was on the verge of the worst panic in years, following so soon after the failure of the Panama Canal scheme, into which France had poured its hundreds of millions to be totally and irretrievably lost. The gravity of the situation was indicated by such unprecedented action as that taken by the Government, the Bank of France, and the leading bankers of Paris in helping the Copper Syndicate banks to liquidate. The result was at once seen in every market and on every Bourse in Europe where American products and stocks were largely dealt in, as well as in our own markets where European speculators operate. It not only stopped demand for our products, excepting for corn and cotton, and provisions, taken on old contracts, but it compelled the selling out of long wheat, and stocks held here for foreign account, as well as in Europe. It began with small and weak holders, and did not stop until some of the largest European operators in the trade were forced to the wall, and, in cases, even driven to suicide. Since the final collapse of the Copper Syndicate banks in Paris, exporters have not dared ship wheat to France to any extent, as they were afraid to draw on French houses against the wheat, lest the drafts should not be honored, owing to the crippled condition of French merchants and bankers generally.

THE POSITION OF OUR MARKETS.

From that same date, also, have commission houses here, doing a foreign option trade in wheat, been unable, as a rule, to get responses to calls for additional margins from their Continental

customers, but, instead, they have had orders to sell their holdings and stop their losses, or these houses have been compelled to take this action to save themselves losses. As a consequence, there has been a steady downpour of long wheat in the New York market during the latter half of the month, until some lines were closed out that had been bought when wheat was 30c. per bushel higher, on the short crop boom last fall, and on which there was that much loss, or \$2,400 on every boat load of 8,000 bushels. Until foreign houses were seen standing in the Wheat Pit day after day, and selling steadily and heavily, no one had any idea of the enormous lines of long wheat held here by dealers in Paris, Antwerp, and other Continental markets, who had bought here rather than in Chicago, because this market has been 10c. lower for a good part of the winter than Chicago, whereas, naturally, it should be 10c. higher. The Fairbanks clique had held that market thus unnaturally high since the boom last fall, except for a short time early in the month, when their followers and some of the Northwestern millers were compelled to drop their wheat on the break in Chicago, which began before that here and brought the price of May wheat in Chicago to the same figure as in New York. But when this foreign avalanche of long wheat began to come out here, the price of May was carried more than 10c. below Chicago again, and has been kept there until the end of the month, when it was actually 14c. below Chicago for May. This was due in part, however, to the fact that Fairbanks still holds his May wheat in Chicago, where he is believed to have a very heavy local and New York short interest, made on "straddles" between that market and this, and between May and July in Chicago, on which there is a loss both ways. If ever a set of markets were at sixes and sevens it must be these, although, on this foreign panic here, New York has reached a parity with the European markets for the first time on this crop, after having been 5c. to 10c. above an export basis for months, except to Lisbon, from which we have now been shut out by an increased duty just imposed on foreign wheat by Portugal. "What the harvest will be," as to the final outcome of the crop of 1888, is more than the oldest dealer in the trade dare venture an opinion upon.

THE FLOUR MARKET.

The demoralized condition in wheat has been partially reflected in the flour market, and the Western millers' combination to restrict production, in order to hold prices up to the short crop basis, established by the Northwestern millers last fall, has gone to pieces, and every miller is now for himself, and the New York receivers are after them for more margins, to make good the shrinkage in the flour, on which advances were made at much

higher prices last fall. As a result, those millers who have kept their flour here all winter, on limits above the market, are now trying to find buyers who are absolutely scared out of it by the steady and rapid break in wheat, until there is absolutely no home or export market beyond the most hand-to-mouth demand for current consumption; and this even is largely supplied in advance by dealers who bought ahead against the "famine in good flour" that was to have visited this land before the crop of 1889 would be available. Hence, the millers' combination that would not sell Europe last fall when it wanted our flour, and before it had gone on to Hungarian and Russian, is now ready to sell when within three months of another crop, and Europe refuses to buy, while the supremacy of American flour abroad is lost.

THE LIQUIDATION IN STOCKS.

The third most important liquidation, that in stocks, has been primarily due to the paralleling of the Granger and South-western systems, which has caused serious shrinkage in their earnings and values the past year, to stop which the Presidents' agreement and the Interstate Railway Association were made and organized during the winter. But this old and still most potent influence in the continued decline in the stocks of these systems, has been reinforced by foreign selling in consequence of the financial troubles on the other side, and, instead of the heavy and almost constant buying of the past two years by Europe, we have now to take the stocks she is sending back. Boston can probably attest the truth of this, after the fingers she has burned until they must be getting very sore, first in Atchison, then in Burlington and Quincy, and now in the copper trust. New crops and a better export demand may help the railroads next fall. Meantime, lake navigation is partially open four weeks earlier than usual, and the corn crop, which is their main reliance, will all soon be coming to the seaboard by water, unless the railroads reduce their rates about one-half from present basis. This, of course, will affect the Trunk Lines, which have been in better position than other systems so far this year. Earnings have not shown as badly as they are the past four months, because they are compared with the bad winter of 1888, when they barely earned expenses. This winter has been as much more than usually favorable as last winter was more than usually unfavorable. With a war between the State authorities west of Chicago and the railroads, and the dullness in the iron and coal trades, the Trunk Lines, Grangers and Coal roads all seem to be in for a bad year.

There were rumors at the close of the month of a gigantic railroad deal, which, if true, may help the railroad situation in the Southwest by ending the war between the Missouri Pacific system

and the Atchison. It was nothing less than that Gould had at last tired out or crippled the leading Boston holders, and that they had surrendered and turned over to him enough stock, at about 40 or under, to give him control practically. There is no confirmation, but it is the probable outcome of the bitter war between these systems for the past year.

CONDITION OF THE COAL TRADE.

As the Reading is the chief coal producer and carrier, its business is a fair indication of the condition of those roads and trade. This, as well as its own financial condition and prospects, are shown in its recent statement, for a period which is compared with a year ago, during which they were almost idle by reason of the strike on its road and in its mines. In comparison with such a disastrous period last year, the Reading Railroad Company's net earnings for February show an increase of \$184,538. The Coal and Iron Company's gross earnings also show an increase of \$438,175, but this large increase of gross earnings seems to bring even less profit than the doing almost nothing in February, 1888, as the deficit below expenses this February is stated at \$219,576, against a deficit of only \$125,475 in the same month last year, so that the net earnings of both companies for the month were only \$90,436 better than in the same month last year, when they had a strike. The Reading people estimated last year that the strike cost them about \$1,700,000, and that if it had not been for that they would have earned all their interest on the income bonds. But now, if without a strike the companies only earned \$90,000 more in February, it would appear that the deficit was not nearly so much due to the strike as it was to the over-capitalization of the company, which is just the same old trouble that kept the Reading in a receiver's hands for years, and the natural inference is that the reorganization scheme has been ineffectual, to earn the \$9,000,000 of annual interest and rentals.

THE BOND AND MONEY MARKETS.

Even the bond market begins to reflect the growing distrust of railroad investments, and instead of general buying of junior bonds, as after the new year, there is investment selling of Firsts and Seconds. Into what the money is going does not seem clear, as the money market does not indicate any general activity in trade to employ more than the usual amounts in that direction. True, there has been a little hoarding of rates, but this was due to the annual remittances to the country to make 1st of April settlements, which are as general there on that date as they are in the city in January of each year. The light exports of early March caused an advance in sterling exchange to a point where a few shipments of gold were made. But since then the exports of provisions and of corn have been free, and of cotton

fair, which have supplied the limited mercantile demand, and that for remittances against stocks sold here for foreign account, most of which were carried here on cheap money and sold at a loss. But beyond a little flurry at the time, these shipments have ceased to have effect or significance. The bank reserve has suffered some reduction during the month, and rates of money have hardened, but are now having little influence on values or speculation, and have ceased to be talked of.

OTHER MARKETS AND GENERAL BUSINESS.

Provisions have been irregular the past month, with more strength since packers have ceased their raiding of the market in view of lighter receipts of hogs than they had expected, and of the free exports. These seem to be Bullish, yet only scalping markets. Cotton has remained as dead as ever, and business outside of the export hardly worth mention. The outside public is doing nothing in it and the Room traders have traded out as a rule. Petroleum is equally dead, and neither new wells nor reduced pipe line stocks seem to stimulate Bear or Bull speculation. Coffee is so pure a gamble, and a foreign one at that, that no one outside the traders takes any interest in it. On the last day of the month disquieting news from Europe caused a drop of from thirty-five to forty points, which is equal to about $\frac{1}{4}$ c. a pound. From Havre came the news of a decline of $2\frac{1}{4}$ f., and private advices had it that the falling off was due to a fear engendered by recent suicides, that the results of the copper speculation are likely to be revealed in other lines of speculation in serious business embarrassments. Ocean freights have been dull and rates steady generally, because there was not enough doing here to attract any chartering tonnage. But berth rates, especially to Liverpool, have been lowered by the putting on of the enormous new freight boats of the Inman and White Star lines, the first of which recently took the largest cargo ever carried from this port, namely, 120,000 bushels of corn, 6,000 bales of cotton, and a large amount of miscellaneous cargo. The rivalry between these lines is likely to involve others to that port.

FAILURES IN BUSINESS DECREASING.

Bradstreet's reports 161 failures in the United States during the last week of the month, against 242 in the preceding week, and 230, 227, 200, and 212 in the corresponding weeks of 1888, 1887, 1886, and 1885, respectively. The Middle States had 37, New England 20, Southern 33, Western 48, Pacific and Territories 23. Canada had 20, a decrease of 18 from the previous week. The total number of failures in the United States from Jan. 1 to date is 3,546, against 3,053 in 1888. General trade has been reported fair for the season without special features, but no activity anywhere as yet.

FINANCIAL FACTS AND OPINIONS.

The French Banks and the Copper Syndicate.—The copper syndicate having come to an end, knowledge of the dealings between it and several of the French banks is becoming public. It was supposed that the projectors were heavy capitalists, among whom were the Rothschilds. It now appears that the syndicate depended largely on banks for the assistance needful to make their enormous purchases. The banks left a considerable margin on their advances, but the fall in the price of copper has been so great as to sweep it away. Whether the banks intended to go so far in the beginning in making advances is not known. Perhaps they intended to do nothing more than to grant temporary assistance, supposing that the syndicate would be able to enlarge their capital, and to discharge their obligations to the banks. If, however, these institutions were original partners in the enterprise, well knowing all the possibilities, their action cannot be too severely condemned. The London banks and bankers, and capitalists generally have taken no part nor lot in the enterprise at any time. They seem to have had a healthy fear from the outset that it would not prove successful; and, indeed, from the beginning difficulties surrounded the syndicate, which increased all the way along. There was never a day in which the members could reasonably hope for success. It is strange that the French banks should have put so much money into a venture, the success of which was so doubtful. The lesson is most valuable, for banks to stick to their business of lending money on proper security, and to avoid speculation. All who thought about the matter must have seen that in the event of failure the price of copper would decline heavily, and with great rapidity, and therefore an advance, except on an unusually wide margin, would be hazardous. The thing has happened which all who watched the operations of the syndicate in the copper market believed would happen; and the only question now is, how great will be the loss, and how long and how seriously will the copper industry be crippled?

Small Shares.—The *Stockholder*, in a recent number, raises a very pertinent inquiry concerning the ease with which industrial companies are floated in the London market, as compared with the difficulties of floating them in our own, and believes that one of the reasons is that in England the schemes are brought on the market at a small share valuation, thereby enabling persons having small means to invest. The shares generally do not exceed five pounds,

or \$25, and thus are within reach of the smallest investor. The junior clerk, or even the workingman, can every now and then spare five or ten pounds from his annual income to invest in a share or two of stock. At the present time an English syndicate is buying up the breweries of this country, and fixing the shares at a small sum, with the hope of attracting a larger number of persons to purchase. Doubtless there is much in this point. On the other hand, if those industrial enterprises were so stocked as to bring them within the range of small investors, perhaps they would incur risks which are now not open to them. It is curious to note in this connection that many of the English cotton mills since 1870 have become stock companies, and their par value was fixed at low prices to attract workingmen to purchase, and thus to obtain greater security for the property. They have generally refused to avail themselves of this means of sharing the profits, because, should the management of the mill not meet with their approval, a strike would deprive them not only of their wages, but of the interest of their money invested in the mill. In English spinning companies, not more than one-half the capital is raised on stock, the remainder being secured on mortgages bearing an interest of from 3 to 4 per cent., so that the profit made on borrowed capital over and above its interest goes to swell the dividends of the shareholders. Mining shares form the principal exception to the rule in this country, and their low valuation has led to their extensive purchase by thousands, who would never have thought of buying, had they been fixed at the usual price of one hundred dollars a share. The worst danger is, as the tendency to speculate here is very great, persons would take advantage of the change to flood the markets with poor concerns, whose worth could not be properly investigated by the classes having small means, and thus in the end they would be swindled out of their money. The savings banks thus far have been the principal source for the investing of smaller sums; but as the profits are growing less and less it is a serious question what can be done for those having small means, whereby they can get more for their money than they are getting now.

The Chicago, Burlington & Quincy Railroad Report.—The annual report of this corporation is a doleful piece of reading. For many years this railroad was one of the most wisely managed in the country. Persons who regarded the ordinary railroad as insecure property, had confidence in this. For years its dividends were paid regularly, a surplus was accumulated, and everything seemed to prosper. Not gradually, but in a night, the prosperity of this great company has been laid low, and a considerable por-

tion of the dividends declared last year were paid from surplus. What is the cause of this sudden change in its fortunes? Is it occasioned by the interstate commerce law, or the battle waged with its workmen, or parallel railroads, or what? It is due to the causes mentioned, at least, to which others, perhaps, may be added that do not lie on the surface. The paralleling of existing systems of railroads has been the cause of much just complaint, and again and again it has been said if interstate and State laws are enacted; whereby railroad companies are restrained from making their own rates, and put under public surveillance, the respective governments under which they live, ought, in turn, to protect them from competitors. In other words, if States take the matter in their own hands of prescribing rates for transporting passengers and merchandise, with a view of establishing and maintaining reasonable rates, they ought, on the other hand, to protect railroads from new concerns that might destroy their business, or, at least, prevent them from getting a fair return on their capital. Now, all this is unquestionably true; but unfortunately for the Chicago, Burlington & Quincy, as well as for some of the other Western railroads, they have been the sinners in constructing parallel lines. The West Shore Railway in the East was built by a new company directly inimical to the New York Central, and its construction could not be prevented by the older company. This, however, is not the case with most of the parallel railroads in the far Western States. They have been created by existing railroads, with the hope of getting the better of each other. Thus they have destroyed themselves, and cannot blame either the public or State Governments for the disasters which have befallen them. Moreover, this is really the prime difficulty, apart from the strike from which the Chicago, Burlington & Quincy is suffering. There is too much railroad for too little business. Thus a large portion of its burden has been self-imposed, and it does not require a high order of intelligence to perceive that the heavy losses which have been incurred are the direct outcome of the policy inaugurated a few years ago. Probably in the rapid development of the West all the present excessive transportation facilities ere long will be needed, and then a dividend will be earned on the capital thus invested. Until then, investors and managers must suffer for the short-sighted policy they have pursued. As for the interstate commerce law, while it is doubtless working to their injury at present, we must not forget the fact that, if the railroad companies had not extended their mileage too rapidly, competition would never have been so frightful among them, and their profits would have been much larger than they are. The experience account is, indeed, a very heavy one this year for that road. That sec-

tion of the country is growing rapidly, and, notwithstanding the disasters of the present, let us hope that recovery may not be far off.

Co-operative Banking.—A correspondent desires to know more about the methods of co-operative banking. The following concise and accurate description of them appeared in the *Boston Commercial Bulletin*: "The system of co-operative banks in this country dates from 1831, when the first bank was established in Philadelphia. The system grew, and its results are seen in the thousands of small dwellings which are owned by the occupants. The law permitted the establishment of these banks in Massachusetts in 1887, and in the following July the first bank opened its doors. In 1880, sixteen banks were in operation, and in 1888 the number had grown to sixty-six, with 28,000 depositors, who had \$5,500,000 to their credit. The number of shares was 180,000, representing a monthly payment of \$180,000, most of which would probably not be saved otherwise. On the average, every \$1,300 of deposits means the ownership of a home. There are between 3,000 and 3,500 co-operative banks in the United States, being found in nearly every State.

"A word on the general principles of the system in Massachusetts may be in order. The shares are issued in series at stated periods. Depositors may take from one to twenty-five shares. On each share they pay \$1.00, and the same amount monthly until the shares reach the face value of \$200. Each month the loanable funds of the bank are put up at auction, the successful borrower being the one who bids the most premium over the regular rate of six per cent. The borrower is obliged to own one share for every \$200 he borrows, which is held as collateral. It is of great importance that but few of the shares of non-borrowers should be allowed to mature, as the bank, from the nature of its assets, would be embarrassed thereby, so, after four years, shares of this class, selected by lot, are forced out from time to time and paid off, the depositors receiving accrued profits in full to that time, thus relieving the bank of liability, as the shares of borrowers are paid off by the surrender of the mortgage. The annual report of the savings banks commissioners recommends legislation to restrict the co-operative banks to the purposes for which they are chartered, co-operation between lenders and borrowers within a limited territory, also to compel the annual returns of some of these banks. They favor a frequent and thorough auditing of the accounts, and more effective State supervision. If honestly and conservatively managed, these banks offer a desirable method of investing small savings, and by their assistance in establishing

ownership of the home, tend to raise the level of the community."

Profits of New York Banks.—The *Stockholder* has published an excellent table showing the ratios of dividends to capital, to capital and surplus, and also the ratio of earnings to capital and surplus semi-annually for the last nine years:

CAPITAL, SURPLUS, EARNINGS AND DIVIDENDS, NINE YEARS.

Periods.	No. of Banks.	Capital.	Surplus.	Ratios.		
				Divs. to Capital.	Divs. to Cap. & Surplus	Earn'gs to Cap. and Surp's.
Sept. 1879 to March 1880.	2,046	\$454,080,000	\$117,226,501	4.0	3.2	3.7
March 1880 to Sept. 1880.	2,072	454,216,062	120,145,649	4.0	3.2	4.2
Sept. 1880 to March 1881.	2,087	456,844,865	122,481,788	4.1	3.3	4.2
March 1881 to Sept. 1881.	2,100	458,934,485	127,238,394	4.3	3.3	5.0
Sept. 1881 to March 1882.	2,137	460,354,485	131,291,880	4.3	3.4	4.6
March 1882 to Sept. 1882.	2,197	473,947,715	133,570,931	4.4	3.4	4.3
Sept. 1882 to March 1883.	2,267	483,091,342	137,570,105	4.2	3.3	4.2
March 1883 to Sept. 1883.	2,350	494,640,140	141,232,187	4.1	3.2	4.3
Sept. 1883 to March 1884.	2,491	507,069,300	145,600,849	4.1	3.2	4.3
March 1884 to Sept. 1884.	2,582	518,605,725	147,721,475	3.9	3.0	3.7
Sept. 1884 to March 1885.	2,650	522,899,715	148,771,121	3.9	3.0	3.2
March 1885 to Sept. 1885.	2,665	524,599,602	146,903,495	3.9	3.0	3.3
Sept. 1885 to March 1886.	2,708	530,956,195	153,532,919	4.0	3.1	4.0
March 1886 to Sept. 1886.	2,784	537,563,648	157,064,778	3.9	3.0	4.0
Sept. 1886 to March 1887.	2,885	548,355,770	163,731,900	4.0	3.1	4.5
March 1887 to Sept. 1887.	2,942	558,544,541	171,254,553	3.9	3.0	4.5
Sept. 1887 to March 1888.	3,044	577,136,748	179,397,147	4.0	3.0	4.3
March 1888 to Sept. 1888.	3,093	583,529,145	184,416,991	4.0	3.0	4.3
General average.....	2,506	\$508,126,587	\$146,064,037	4.1	3.0	4.1

On this table the *Stockholder* remarks: "We see here that only in one single half-yearly period of the eighteen have the net earnings been equal to 5 per cent. upon the capital and accumulated surplus, while never during that time has the ratio of dividends to capital and surplus been equal to $4\frac{1}{2}$ per cent. On the contrary, it has rarely amounted to more than 3.2-10 per cent., and has never even equaled that proportion since March, 1884. The ratio of dividends to capital, it will be noted, has never equaled $4\frac{1}{2}$ per cent. for any dividend period, and the average for the nine years included in the table is only 4.1 per cent."

Transportation by Canal.—It was thought a few years ago that the era of canal building and navigation was over. First, was used the pack horse, then the highway, then the canal, and finally the railroad, as a means of easy and quick transportation. But cheap as transportation is by rail, the pressure of competition in

production is so great, that those engaged therein are turning to the lessening of transportation as the most hopeful way of reducing the cost. In some cases in this country they are getting to the seaboard and by river ways with a view of utilizing them as they have never been utilized before. For example, it costs \$12.58 a ton to assemble the materials for making a ton of steel rails at Johnstown, Pa., which is a heavy item in the cost of production. With rails selling at the present low figure, manufacturers are turning every way for relief, and especially to reducing the cost of transportation. This is the principal reason for restoring canals. Various projects have recently sprung to the surface; one of the most important of these is a canal from Liverpool to Manchester. Another is to run across Scotland. The plan is to improve the present existing canal between the Clyde and the Forth, so that ships may be able to pass. The canal was constructed a century ago, and is 35 miles long, extending from Bowling on the Clyde to Grangemouth on the Forth, the line being almost due east and west, and there is a branch of $2\frac{3}{4}$ miles to Port Dundas, in the north of Glasgow. It rises 156 feet and has 39 locks. At the present time only very small craft can be passed through, not only because of the short locks, but also owing to the depth of water being but about 9 feet. It is proposed that it should be made suitable for deep sea-going ships. There are no great engineering difficulties in the way. The cost is variously estimated between £1,500,000 and £2,000,000—a sum which, it is thought, might be easily raised by a company. It is contended that, being the shortest route between America and the Baltic, the Continent and the east coast of Scotland and England, the through traffic would be considerable. Less has been said concerning the building of them in this country, but we are doing more to improve our river ways and lake navigation. These improvements are a menace to our railways, and in the end may have the effect of reducing the rates of transportation by land as well. At all events, the reduction of transportation, either by rail or water, is one of the events in the near future. It is worth noting how the struggle is ever going on to reduce the cost of production, and thereby gain some advantage over competitors and rivals. Truly this is a struggle in which the strongest and most intelligent survive. There never was a time, perhaps, when this struggle was so keen all over the world as it is at present. A great plant is built, with the newest machinery, or a railroad is located in the best possible manner, and in a few years a better plant is discovered or a more economical railroad is built, and thus the old enterprise is supplanted by a newer and better. So the improvements go on; the gains of one day are swept away by the losses of the next; one

man is crowded out by another; thus the kaleidoscope in the industrial world is ever changing, and changes are going on, too, with more frequency than ever before. How do the gains and losses compare? Every new discovery brings a reward to some person, but when it is supplanted by a better, and the entire loss is known, what is left for the first, anything or not? Is there a residuum on which he can live, and continue to perfect his railroad or machine, or whatever implement for money-making he may have, or is he so utterly wrecked by his successor that no hope remains?

Nicaragua Canal.—The business and profits of the Suez canal have a new interest to us, now that the Nicaragua canal is receiving so much attention. In a paper read by Joseph Rabino, before the London Statistical Society, last year, may be found a condensed history of the enterprise. The total excavations were 2,249,000,000 cubic feet. The permanent population of the isthmus, which was 150 in 1859, is now 21,000, including 7,000 Europeans, and not including Suez, but recently an Arab village, now a town of 11,000 inhabitants. The assets in 1870 were £18,211,444, in 1886 £22,917,565, the cost of construction and improvements to date being £20,234,985. The first year in which there were any profits was 1872, when they were £82,851. The high-water mark was reached in 1883, with profits amounting to £927,499. Last year they were £627,284, or less than any year since 1880. The surplus in 1870 was £5,873,234; at present £6,039,693. The receipts the first year in which the canal was opened for traffic were £754,532, of which £228,750 were from navigation dues. In 1883 they were £2,740,933, of which the tolls were £2,645,504, the total receipts up to the close of last year having been very nearly £25,000,000. The par value of the shares is 500 francs, and they have fluctuated from 165 in 1871 to 3,550 in 1882, the average value in 1886 having been 2,095. The shareholders receive 71 per cent. of the profits, and got their first dividend of £30,153 in 1875. In 1883 their portion was £1,018,524, the largest yet paid. The total amount paid in dividends to the shareholders has been £6,132,740, or 7½ per cent. yearly on their original outlay. They have also, in addition, a coupon bond. Singularly, the expenses for the years 1870 and 1886 were almost identically the same sum, being £754,532 in the former, and £754,567 in the latter year. The number of vessels passing through the canal has increased in sixteen years from 486, with a net tonnage of 436,609 to 3,100, net tonnage 5,767,656. The tonnage dues were 9.95 francs the first year; in 1873 they were raised to 15.17 francs. In 1886 they were 9.49 francs. The largest amount of business was done in 1885, when the dues were

lowest, 9.04 francs; 3,624 vessels, 6,335,752 net tonnage, passing through. During eleven years 655,547 troops have been carried through the canal, another remarkable coincidence being that the number of English soldiers in 1885 was 43,813, of French 43,655, and in 1886, English 31,161, French 31,645. Of the 3,100 vessels making the passage last year, nearly five-sixths were English; the French, Germans and Dutch having the next largest numbers. The United States is classed among the 18 "all others."

Italian Finances.—In Italy there is a proposition before the Parliament for the sale of the immense possessions belonging to the monastic and religious orders known by the name of "Opere Pie." The value of the property is estimated at six hundred millions of dollars, yielding a revenue of thirty millions. Of course there is great opposition on the part of the Church to the taking and sale of this property; but the National Treasury is in a bad way, as there is a deficit of more than seventy millions, while the revenue has diminished nearly twenty millions, and, notwithstanding these heavy deficits, an additional sum of one hundred millions is wanted for perfecting the national defenses during the next three years. Italy at best is not a rich country, and the entire revenue does not exceed three hundred millions, which is utterly inadequate to meet the ordinary annual expenditure. The taxes cannot be increased, for the burden is already too heavy for the people to bear. The arrears are enormous, and the number of seizures and forced sales by the Government for non-payment of taxes is very great. A correspondent of the *New York Tribune* writes:

In the South of Italy, especially, whole villages and districts have been put up for auction by the sheriff. Most of the big cities are bankrupt and unable to pay the interest on the extensive loans with which they have saddled themselves. Real estate has decreased in value. The farmer is no longer able to find any sale for his crops or live-stock, now that the tariff war with France has put a stop to the former extensive export to that country of agricultural produce and cattle. Misery reigns supreme everywhere, and in Sardinia it has reached such a degree that the entire body of Parliamentary representatives of the island have decided to resign their seats in the Chamber, with a view of forcing the Government to adopt serious measures for the relief of their wretched constituents. Matters are equally bad in the cities and towns. Trade and manufacture are in the midst of a crisis quite as acute as that in the agricultural districts. Factories are closed, and thousand of artisans are out of work. From almost every important center reports arrive of riots and serious disturbances, of processions of starving men and women clamoring in the public streets for bread and work. There appears no prospect of remedy as long as Italy forms part of the Triple Alliance. It is due to the latter, and to the imperious mandates received from Berlin, that the Prime Minister has been obliged to rupture Italy's commercial

relations with France, and it is the German headquarters' staff which has insisted on the expenditure by King Humbert's Government of such vast sums of money in military preparations; sums altogether beyond the resources of the country, which have forced the Cabinet to impose onerous dues even on bread and salt. No people are so heavily taxed as the Italians. The national debt averages \$75 per capita. It is scarcely surprising, therefore, that emigration is on the increase. Twelve years ago it did not exceed 20,000 per annum, whereas during the past year it has reached 300,000—a terrible loss to the country.

What a pleasant thing it is to turn from this picture to our own country, where we are not confronted with heavy national taxes, but rather with an enormous surplus, which is not needed and which we do not know how to spend. Great as the problem is to us, it amazes the financiers and statesmen of the old world; but if they would disband their armies and cease to build their huge ships of war, they, too, would soon have easy times. Heavy as is the expense for maintaining royalty, not a country in Europe would have any serious difficulty in meeting all its expenses if the huge sums devoted to war purposes were no longer exacted.

The Census of 1890.—The census of 1890 will reveal many wonderful changes. The central line of population will be much nearer the Mississippi river than it was ten years ago. A series of maps like those contained in the last census, of gradations in color, to indicate the changes in density of population, wealth, health and other important facts, will present a curious contrast with the maps that we now have for the census of 1880, or that of 1870. Over 16,000,000 of acres of land were sold in the last fiscal year under the operation of the Homestead and Timber Culture law. More than 124,000,000 of acres have been settled in the last eight years, representing a larger area than the States of Indiana, Illinois, Ohio and Michigan. The greatest changes have been made in the Northwestern group of States and Territories, comprising Dakota, Nebraska, Minnesota, Wyoming and Montana, where nearly 60,000,000 of acres have been settled in the last eight years. In the Southwestern group, comprising Kansas, Colorado, Missouri and New Mexico, nearly 30,000,000 of acres have been occupied. On the Pacific coast 19,000,000 of acres more have been settled, and 13,000,000 of acres must be added for the Southern States on both sides of the Mississippi. Along the Pacific roads 18,000,000 of acres have been opened since the last census. In other words, the Government and the Pacific Railroad have opened for settlement in the last eight years a territory larger than the New England, Middle States and South Carolina combined; larger than Germany or France, and about twice as large as Great Britain and Ireland. *The Age of Steel*, in remarking on this subject, says:

Take, for instance, the record of Dakota's industrial progress, and we doubt if the world can afford a parallel to it. Here is a territory, which, in 1860, had a population of less than 5,000, and of but little more than 14,000 ten years later; but in 1880 its population had increased to over 135,000, or by 850 per cent.; in 1885 to about 416,000; and now it contains 641,000 people, exclusive of the Indians occupying one-fifth of the entire territory. Its agriculture has risen correspondingly, the crop of 1,000 bushels of wheat in 1860 having increased to 2,830,000 bushels in 1880, and to over 52,000,000 bushels at present. The production of corn in Dakota has also advanced greatly, having more than trebled in the last three years. In other directions, likewise, the material progress of the territory has been rapid and certain—as, for instance, in the construction of railways, the building of cities, etc. Together with Montana and Washington Territories, Dakota will be admitted into the Union between now and the time of taking the next census, and probably as two States. In both a political and business sense, these changes will greatly strengthen the hands of the West, and are therefore all the more to be desired. Possibly, in addition, the rights and privileges of Statehood will be conferred on New Mexico; and it is morally certain, besides, that the Territory of Oklahoma will be organized and rich lands occupying an area as large as the State of Ohio be thrown open for settlement. All of which would give another pull westward to the "center of population."

Pensions for Workingmen.—We think we have heard something about pensions in this country during the last twenty years, but in Germany there is a plan for pensioning workingmen—a class numbering at the present time twelve millions. One wonders how it is possible to grant much relief when so many are included. Nevertheless, the plan is worth at least brief explanation. The idea is about seven years old, and originated with the grandfather of the present Emperor; and the first bill was introduced into the Reichstag in 1881. One object in establishing the system is to strengthen the Government by making all feel that it is for them. In other words, it is an extension of the paternal idea, of combining in theory, at least, of all the German people into one great family. Mr. John M. Gregory has thus described the plan in the *Independent*:

The pension fund is to be provided from three sources: One-third is to come from the Imperial Treasury; one-third is to be collected from the employers of labor—the great manufacturers and other business men; and the remaining third will be taken from the wages of the laborers themselves—a small, forced contribution, proportioned to the weekly wages. For the purpose of determining the contribution and pensions, the laborers are to be divided into five classes, according to the daily or yearly wages, as follows:

1st class, daily wages,	1 mark or less;	300 marks a year.
2d " "	1 m. to 1.40 m.;	400 "
3d " "	1.40 to 1.80 "	500 "
4th " "	1.80 to 2.20 "	600 "
5th " "	2.2 m. or more;	700 to 2,000 m. a year.

Laborers of the several classes are to pay respectively three, four, five,

six and seven cents a week to the pension fund; women two-thirds of these sums. The pensions are to be twenty-four hundredths, or nearly one-fourth of the wages, for men; for women, only two-thirds of the amount paid to men. These sums are small, as are indeed the wages in general of German laborers; but it is the system itself that is now in question. Should that succeed and prove useful and popular among the classes concerned, amounts to be collected and paid out may easily be increased. And the public pensions by no means forbid private savings, which the system will in many cases serve to stimulate rather than repress, while it will save the great masses of naturally improvident from being left without any provision except an appeal to charity. It is applicable first, to all laborers, assistants journeymen, apprentices, and servants who work for wages or pay; second, to persons employed in the work of the Government, on the Government railroads, and in the post and telegraph service, whose pay does not exceed 2,000 marks a year; as also to persons employed in trading establishments, as clerks, porters, assistants, or apprentices; third, to sailors and employes on German steamers and in transportation lines. Persons who render merely personal services, professional or other, to employers, are not to be reckoned as laborers under this new law. Before the old-age pension can be claimed, the claimant must have paid his contributions thirty years; and the invalid pensioner must have contributed five years. A pension of half the amount may be awarded by the State Commissioners, in special cases, to those who have paid the required contributions for at least one year.

It is curious to note the opposition to the plan by the German people. Many fear the very result which the Emperor and the Governmental party desire to achieve. In other words, they do not wish to have a strong Government, but, if possible, would prefer a state of anarchy or at least a weak and discordant state. At bottom, the idea is simply one of dividing with the less favored; but it is a serious question how far a compulsory division is desirable. Of the worth of private charity no one has much serious questioning, but to give by compulsion is a very different thing. It is for this reason that the entire system of State charities is by no means so clearly justified as some imagine. Private charity is usually more intelligent, more economical, and has the blessed effect of keeping keenly alive our sympathies; but charity wrung through taxation has no such outcomings. It may be a good thing for the recipient, but it is not so good for the payer. Furthermore, the system may lead to indifference in accumulating for old age, and this is perhaps the strongest objection that can be raised to it. Men should be taught self-reliance and independence.

Foreign and American Wheat Competition.—The evil effects of speculating in wheat last autumn are now fully realized, for England, especially, in consequence of the high price demanded by the owners of wheat here, has since been obtaining her supplies in other countries, notably in Russia. The total export of wheat

last year was less than fifty millions of bushels, which is forty-five millions less than the year previous; while the export of flour fell from over twelve millions of bushels to less than eleven millions of bushels for the previous year. The following are the figures of wheat and flour imported into England during the past three years:

	<i>Wheat.</i> <i>cwt.</i>	<i>Flour.</i> <i>cwt.</i>
1888.....	57,224,334	16,912,773
1887.....	55,784,685	18,056,545
1886.....	47,404,344	14,739,232

Russia, Roumania, and Russian Poland exported to England the following amounts of wheat in bushels:

	<i>Russia.</i>	<i>Roumania.</i>	<i>Russian Poland.</i>	<i>Totals.</i>
1886.....	6,925,578	541,796	2,460,365	9,927,679
1887.....	10,309,176	1,092,659	2,896,578	14,298,413
1888.....	39,888,414	2,648,948	6,094,322	48,631,684

From the foregoing figures it appears that the increase in the export from Eastern Europe to England between 1886 and 1888 amounted to 38,704,005 bushels. On the other hand, the United States and Canada furnished England the following amounts:

	<i>United States.</i>		<i>Canada.</i>	
	<i>Flour.</i> <i>cwt.</i>	<i>Wheat.</i> <i>cwt.</i>	<i>Wheat.</i> <i>cwt.</i>	<i>Equal to bushels.</i>
1886.....	11,473,192	29,621,728	3,080,964	77,936,131
1887.....	14,873,443	30,504,526	3,964,784	98,334,589
1888.....	12,557,096	14,547,195	1,089,080	57,889,659

These statistics clearly show how England has availed herself of other markets for obtaining her supplies. Russia has been the most favored. Turning to our exports of flour to South America, it appears that our chief competitor is Hungary, the shipments going directly from Fiume and Trieste to Rio de Janeiro. During the first eleven months of 1888, the Hungarian flour shipments reached 1,533,583 barrels, the most of which went to Brazil, while the United States shipped to that country in 1887, 748,937 barrels. India, too, is becoming a serious competitor, notwithstanding all that is said concerning our ability to hold our position against her. Already 14,383 miles of railroad have been built in that country, and with cheap transportation, the exports from India will increase rapidly. It is certain that American producers will not be able to command foreign markets as easily as they have done heretofore, unless prices are kept at a lower figure, and every facility for quick and cheap transportation is afforded. We have undoubtedly had too much confidence in the natural resources of our country to grow cheap wheat as compared with other countries, and unless we are more watchful of the progress made elsewhere, we shall find that our markets are gone, and, perhaps, forever.

DOUBLE TAXATION.

The Supreme Court of Ohio has recently rendered a decision declaring valid a law which imposes a tax on the stocks of railroads located in that State, on which a tax is also levied. Thus, double taxation is clearly imposed, first, on the railroads, and then on their stocks, which are simply the evidences of title. Not only is this inequitable, but the inevitable effect will be to drive all stockholders from the State. That is to say, persons who would own such property, if it were not for such a system of taxation, will hold other property on which no such double tax can be imposed. President Ingalls, of the Cincinnati, St. Louis and Chicago Railroad Company, at the last meeting of the Commercial Club of Cincinnati, described the results of this policy. He cited, as an example, a railroad whose stock to the amount of eight millions of dollars was owned in that town. The directors controlled it. "To-day," he said, "you have to qualify the directors for owning one share each, in order to get a quorum." In other words, the citizens of that State will not invest their money where it will be subject to a tax of that kind, and the same thing is true in other States.

What, in our judgment, is wanted most of all, is a system of reciprocal taxation among the States, and especially with respect to taxing railroad property and bonds and mortgages and other evidences of indebtedness. We have pointed out on several occasions the feasibility of such a plan. Commissioners might be appointed by the several States to confer together, who could work out a plan of taxation to be adopted in all the States, relating to interstate property, and a code thus prepared could be recommended for adoption by the several States, and be operative among those which did adopt the same. In this way many of these difficulties now existing in our tax systems would be removed. Certainly there is no sense in continuing the present systems of double and unequal taxation which prevail in so many of the States. A man, for example, living in New York, holds a mortgage on land in Ohio. The land is taxed there, and the holder or owner is taxed on his mortgage in New York. This is another case clearly of double taxation. The land is taxed, and also the evidence of title. All the States, of course, need money; but the public would be better off if it were raised in a right and intelligent manner. The difficulty in the way of making a harmonious tax system is that some persons and interests are strong enough to escape paying or

bearing their full burden. But this ought not to be. The system should be intelligently enacted and enforced. All efforts to gain undue advantages over other States should cease. How long are citizens to continue in their old way of living under unequal and unjust systems of taxation, which smack of ignorance, barbarism, and, too often, of downright injustice?

THE AMERICAN DEBT.

THE FINANCES OF THE UNITED STATES FROM 1861 TO 1887.

BY E. MASSERAS.*

[CONTINUED.]

One circumstance, that may be denominated as specially providential to the United States, contributed powerfully to the transition. American industry and commerce were struggling through the period of crisis that had been predicted for them as the inevitable rebound from the years of inflated wealth and exaggerated activity given by the reign of paper money. The six years from 1873 to 1878 had heaped up a total of 46,000 failures.† The stagnation of business and the stoppage of work threatened public prosperity with disaster far more than they presaged the financial rise of the country. But just at this time Europe saw a series of bad harvests begin, which made her dependent upon the United States for supplies of food. Orders for grain flowed over, and after them the gold to pay for them. In a few months, the help brought by this unexpected movement of trade raised credit and enlivened confidence, occasioning an abundance of specie long unknown. So, when the 1st of January, 1879, arrived, the passage from one monetary system to the other was already accomplished in fact. None of the apprehended complications occurred. With a view to the demands for specie that might arise from the cessation of the forced currency, the Secretary of the Treasury had managed to get a metallic reserve of \$140,000,000; he did not have to touch it. Nobody made his appearance in the offices of payment, either in New York or in Washington. The banks, which had on hand \$40,000,000 of Government paper, did not ask for the exchange of a single dollar.

There was still the fear that this confidence of the first day might not be sustained; but it was so real and general that, in the

* Translated from the French, by O. A. Bierstadt.

† Official figures: 5,183 failures in 1873; 5,380 in 1874; 7,740 in 1875; 5,092 in 1876; 8,872 in 1877; 10,478 in 1878.

whole course of the year that followed, the Treasury had to draw from its vaults scarcely \$16,000,000 in specie. The premium on gold had not even waited until the last moment to disappear. Falling by degrees to an almost nominal rate, it had ceased to exist on the 17th of December, 1878, in consequence of an operation which the *New York Times* registered next day in these terms as a memorable event: "At 12.29 o'clock yesterday, according to the official record, \$10,000 of gold was sold in the gold department of the Stock Exchange (the old gold exchange) at par. This is the first sale of gold at par that has taken place in this country in sixteen years. The room was almost empty at the time the transaction was made, and so quietly was it accomplished that only three or four persons who stood near the register's desk knew anything about it." This last detail shows how nearly ready the public was for the resumption of specie payments. The *Times* added quite a curious coincidence: that the operation, materializing in a certain sense the end of the reign of paper money, had been entered, by the clerk of the exchange, upon the last page of the special register devoted to such negotiations.

Gold had begun to command a premium in the month of January, 1862, of an insignificant amount. The fluctuations, through which it had passed since then, are interesting to recall, for they are like a thermometer registering the vicissitudes traversed by the credit of the American Union.

The following table gives the highest point reached during each of the seventeen years that the premium lasted:

<i>Years.</i>	<i>Price of gold as compared with paper.</i>	<i>Years.</i>	<i>Price of gold as compared with paper.</i>
1862.....	134	1871.....	115
1863.....	152	1872.....	115
1864.....	285	1873.....	119
1865.....	233	1874.....	114
1866.....	167	1875.....	117
1867.....	145	1876.....	115
1868.....	150	1877.....	107
1869.....	162	1878.....	107
1870.....	123		

There is no need of setting forth what a calamity, not only for the finances, but for all the country's interests, would have been a state of things marked by such differences of exchange, if it had been perpetuated.

V.

THE DEBT—REFUNDING AND PAYMENT.

The resumption of specie payments was but half of the programme traced by Mr. McCulloch immediately after the close of the war; the other half consisted in gradually reducing the debt and preparing for its extinction. Just as with the suppression of the

forced currency, this idea encountered an opposition which, vanquished in the beginning, persisted a long time, and let no opportunity pass for attempting to get the upper hand. The transformation of all the loans into a perpetual consolidated debt counted numerous partisans, who asserted the impossibility of ever paying off so many thousands of millions, and the necessity of lightening as speedily as possible the burdens imposed upon the taxpayers. To these arguments, which were not without some apparent value at least, the Secretary of the Treasury replied in his report of 1866: "The conviction is becoming fastened upon the popular mind that it is important for economy in the national expenses, for the maintenance of a true democracy in the administration of a Government, for the cause of good morals, and of public virtue, that the policy of a steady annual reduction of the debt should be definitely and inexorably established. Nothing short of this, and that economy in the national expenditures which will render it practicable, will reconcile the people to the burden of taxation. A national debt must ever be a severe strain upon republican institutions, and ours should not be subject to it one day longer than is necessary." Invoking sentiments of another order, the report remarked further on the debt: "Its burdens are to be shared by those to whom it is a reminder of humiliation and defeat. It is exceedingly desirable that this, with other causes of heart-burnings and alienations, should be removed as rapidly as possible, and that all should disappear with the present generation."*

The idea of effacing, even in the question of money, everything that might recall the sacrifices and bitterness of a painful period—is it not imprinted with delicate and patriotic foresight? Written by a victor immediately after his victory, the sentence just quoted explains how the reconciliation between the North and the South of the American Union has been so thorough and so frank, in spite of the animosity of their conflict. It contains a lesson for all the nations that have intestine quarrels to forget, for all the parties that wish to substitute, for recriminations and the perpetual memory of reciprocal griefs, a sincere pacification of past antagonisms.

The exact figure of the Federal debt, on the 1st of September, 1866, was, as we have said, \$2,886,000,000; to which were of course to be added the supplementary expenditures in prospect, the cost of disbanding the armies, the thousands of pensions to be paid, etc. In this total the bonds proper were included for only \$1,100,000,000; the rest was represented by paper of various periods of redemp-

* Report of Mr. McCulloch, Secretary of the Treasury, December, 1866.

tion and interest, issued rather pell-mell by the Treasury in its days of penury, and by \$460,000,000 of legal tender notes, the latter, naturally, without interest. There was urgent need of diminishing the superabundance and confusion of the currency; there was urgent need, too, of disengaging the situation of the Treasury, in order that the approaching redemptions should not find it unprovided, for nearly \$1,000,000,000 of its engagements were to become successively redeemable within the space of five years.

We have seen how, to attain this double end, the Government had obtained from Congress the authority to proceed to a consolidation of the floating paper, by disposing of a loan, and how this authority had been afterwards in part withdrawn. In spite of the restriction, however, the conversion was so vigorously conducted that, at the end of September, 1868, all the short term notes had given place to consolidated securities.

This was a considerable result. It put the Treasury under cover from the constant demands which, more than once, had forced it to recur to burdensome expedients and to get out of one difficulty only by preparing itself another. The tranquillity and the time thus gained were, indeed, dearly enough paid for. The consolidated bonds carried the obligation to pay the interest in gold, while the interest, often not so high, on the Treasury notes and certificates, was paid in paper money. The change, therefore, involved a very appreciable loss, at a time when gold still commanded a premium of 40 to 50 per cent. Consequently, the measure was and has continued to be the subject of sharp criticism. Events, however, have finally justified the prudent financier who began the unification of the debt. Whatever it may have cost, this first operation contributed very much to render possible the series of conversions and reductions that came afterwards. Clearing up the market, it gave to the Treasury freedom of movement.

Almost immediately another question arose.

In the hurry of voting the first great war loan, the House had omitted to mention the mode of redemption, that is, to specify whether it should take place in specie or in paper money. The omission of this clause gave all the more room for doubt, because in each of the subsequent similar laws payment in gold was expressly stipulated; it was claimed in consequence that the same obligation did not exist for this special case. In support of this reasoning, it was alleged that the States of the Union, almost all of which had had to contract direct loans on their separate account, did not scruple to pay their debts in paper, and saw this system accepted without objection by their creditors. The argument was specious, but failed in one essential point: the State bonds were exclusively sold to the American public, while those

of the Federal loans had a large number of holders abroad, who would never have bought them, if they had not relied upon redemption in specie. At what was then the price of gold, to pay them in paper was to make them lose a third of their capital, and at the same time to compromise American honor and credit in Europe. So the Secretary of the Treasury energetically opposed the economy that was sought in an abusive interpretation. Going back to the report presented by the Committee of Ways and Means at the time the bill was passed, and to the discussion following it, he showed that, although not expressly mentioned, the redemption in coin had none the less been in everybody's mind. In the archives of his department he discovered a letter from one of his predecessors formally taking the engagement omitted by the authors of the bill. He demonstrated further that, during the whole war, to reassure the bondholders had been the constant aim of the Government and of Congress. Nobody could have supposed that, in promising redemption "at par," the United States had reserved the right to pay in notes of variable value and subject to the fluctuations of monetary speculation. This view, which was the true one, finally triumphed. March 18, 1869, Congress formally declared that all the obligations contracted by the United States should be paid in coin, unless some other mode of payment had been expressly indicated in the act of authorization.

The party, striving to transform the loans into perpetual securities, attempted a last effort. Giving up the hope of securing the permanence of the debt by a direct vote, it proposed to postpone its liquidation to the time when the condition of the national finances should permit its being undertaken. The inventors of this dilatory scheme promised themselves that the time in question would never come. Everyone sharing this conviction, the subterfuge deceived nobody, and did not succeed in gaining a majority. But it required nearly five years of renewed debates, of struggle against multifarious opposition, before the champions of immediate liquidation had finally won their cause. The objections excited, one hardly knows why, by the idea of selling new loans abroad contributed to delay their victory. Not until 1870 did the House decide, by a formal resolution, that the extinction of the debt should be undertaken, with as little loss of time as possible, by a system of successive refundings with progressive reduction of the rate of interest. As the first step in this course, a law voted on the 14th of July, of the same year, authorized a 5 per cent. loan, redeemable at the end of ten years, and the amount of which was fixed some months later at \$800,000,000. The Secretary of the Treasury was besides given the privilege of issuing \$300,000,000 in 4½ per cents. payable in fifteen years, and \$1,000,000,000 in 4 per

cents. payable in thirty years. The law assured to the new bonds exemption from all taxes, national or local, present or future.

The combination was so simple that the only thing to be wondered at was the long resistance it encountered. It was merely profiting by the rise of American credit to sell bonds of a lower rate of interest than the old ones, and to apply the money procured by the sale of the one kind to the redemption of the other. The first loans having passed the date after which the United States had reserved the right of redemption, it sufficed to notify the holders that their interest would cease to run at the end of three months; the prospect of seeing their capital henceforth unproductive must necessarily induce them to accept redemption. The annual amount to be paid diminished in proportion to the progress of the operation.

A beginning was made with an issue of 5 per cents., which, delayed in consequence of the perturbation arising from the Franco-German war, was not launched until the end of February, 1871. It gave \$200,000,000 by public subscription in a few days. The remainder was disposed of through bankers, a small commission being allowed them. Their task was easy; American securities gained public confidence, attained par, soon passed it, and were taken by European capitalists. In 1875, Mr. Bristow, then Secretary of the Treasury, could announce to Congress the complete retirement of the first 6 per cent. bonds (five-twenties).

Encouraged by success, another step was taken, and next year a reduction was made to $4\frac{1}{2}$ per cent. Foreseeing the possibility of doing better still, the Secretary of the Treasury, in announcing this issue, reserved the privilege of closing it at his discretion, by giving the public ten days' notice of his intention. In May, 1877, he took advantage of his privilege to stop the negotiation of the $4\frac{1}{2}$ per cents. and to substitute for them 4 per cents. A contract with a syndicate of bankers guaranteed the sale of all the bonds within a period of thirteen months; previously was to be opened, during thirty days, a subscription destined for small investors, and consisting of bonds of \$50 and \$100, with the privilege to subscribers of paying in installments distributed through three months. The experiment had full success, and realized almost instantaneously \$80,000,000. But the enthusiasm was sharply arrested by the fears of monetary complications, that suddenly reappeared, and served as a pretext for new attacks on the law of 1875 fixing the resumption of specie payments for the 1st of January, 1879. The opponents of redemption in gold, who seemed resigned to their defeat, speedily returned to the charge, and tried to have it enacted that the Government might pay its creditors in silver money. The attempt appeared to have no chance of success; yet it was enough

to create a temporary perturbation, and only failed before an energetic letter from the Secretary of the Treasury, declaring that never would the Administration countenance any such lack of faith. But, though the alarm of the monetary market was of short duration, the hesitation, awakened in the public and particularly in Europe, showed itself more tenacious. After beginning so brilliantly, the issue of the 4 per cents. dragged on for nearly two years; it was not entirely disposed of until the spring of 1879.

A second series of similar bonds was immediately launched from Washington. Notwithstanding the return of confidence, produced by the re-establishment of the circulation of coin, and by the ease with which it had been accomplished, the Secretary of the Treasury thought best to offer the new subscribers the attraction of a small premium of $\frac{1}{2}$ of 1 per cent. below par. The eagerness was such that a single day brought in the \$150,000,000 asked for.

Almost all the securities issued during the war had now been refunded. It was quite natural to continue the operation by refunding in turn the 5 per cents. created in 1870 to commence it. Redeemable at the end of ten years, this loan, which amounted to about \$600,000,000, was approaching its maturity. The Secretary of the Treasury proposed at first to substitute for it 4 per cents., then to replace the bonds by Treasury notes having from one to three years to run; this new combination, complicating the system hitherto followed, was dictated to him by motives of economy. After losing a great deal of time in discussing the *pros* and the *cons*, Congress decided to create a new bond, bearing $3\frac{1}{2}$ per cent. interest and redeemable in forty years. But the President opposed his veto, alleging that a loan of so long a time would be a stay of the extinction of the debt. Recourse was then had to a Treasury artifice which, leaving the 5 per cent. bonds on the market, lowered their interest to $3\frac{1}{2}$ per cent. by a simple stamping. The bonds thus stamped were afterwards retired (in 1882) through the banks, and gave place to others, redeemable at the pleasure of the Government, whose interest was lowered to 3 per cent. The growing abundance of capital in search of employment, the scarcity of good investments, and the confidence that had finally put the Federal debt in the first rank on all the financial markets of the world, favored this last phase of the refunding, although it no longer offered the attraction of high interest, nor the advantage of a long time attached to previous issues.

Thus, after having borrowed at 6 and 7 per cent. during the war, the American Union was able, in a period of fifteen years, to lower successively the rate of interest on its debt to 5, to $4\frac{1}{2}$, to 4, and finally to 3 per cent. The economy realized in this way alone gives an enormous total, when the sums annually

saved are multiplied by the number of financial years. This economy, always growing, has been without doubt an essential element in the improvement of American finances; it has not been the only one.

When, in February, 1862, the United States saw themselves forced to resort to loans, arrangements were made with a view to a regular sinking fund. Every year the Government was to devote to the redemption of its securities an amount equal to one per cent. of the total of its debt; moreover, the interest belonging to the redeemed securities was to continue running for the benefit of the Treasury itself, and to swell the sum periodically appropriated for the redemptions. It is obvious that this accumulative sinking fund worked with difficulty during the time of the war, when every dollar that came into the public coffers had ten uses marked out for it instead of one. In 1865, however, redemption succeeded to the amount of \$32,000,000. From this date the operation is pursued without interruption. It is not confined merely to the amounts indicated in 1862. Using the authority obtained from Congress, the Secretary of the Treasury applies to direct or indirect reductions of the debt all the surplus that remains in his hands after providing for current expenses, and assuring a strong metallic reserve. Here appear the fortunate results of the foresight that had opposed a hasty cutting down of taxes in order to keep the receipts at the highest possible level. In 1868, thanks to the flourishing condition of the finances, Mr. McCulloch was enabled to announce, simultaneously with the consolidation of the floating debt, a reduction of \$250,000,000 on the capital due by the United States. From the 1st of March, 1869, to the 31st of December, 1871, another diminution of \$277,000,000, to which were added \$43,000,000 more in 1872. These years, it is true, profited by exceptional circumstances, and notably by the low price at which the difference between gold and paper allowed the Government to redeem its securities in the public market. The following years do not all show as fine results. Some even are marked by a notable falling off in the reductions of the debt effected; there is not one, however, that does not bring its contingent. The decrease of the debt amounted to \$10,000,000 in 1873; to \$12,000,000 in 1874; to \$10,600,000 in 1875; to \$10,000,000 in 1876; to \$43,000,000 in 1877; to \$8,600,000 in 1878; to \$11,000,000 in 1879; to \$40,000,000 in 1880; to \$62,000,000 in 1881; to \$68,000,000 in 1882; to \$41,000,000 in 1883; to \$32,000,000 in 1884; to \$40,000,000 in 1885. The total is \$1,000,000,000 and more, paid off within the space of twenty years.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

PRIORITY OF CLAIMS AGAINST INSOLVENT
NATIONAL BANK.

CIRCUIT COURT, E. D. NORTH CAROLINA.

Citizens' Nat. Bank v. Dowd.

A creditor of an insolvent national bank, whose demand grows out of a fraudulent transaction perpetrated by the officers of the bank in contemplation of the immediate wrecking of their corporation, does not thereby become entitled to a preference over the general creditors of the bank.

On the 22nd and 23rd of March, plaintiff, a bank in Raleigh, N. C., received in the ordinary course of business checks drawn on the State National Bank of that city, which, after deduction had been made of its checks received by the latter bank, amounted to \$17,000. It paid the same by its checks on a bank in New York. The president of the State National Bank knew when he signed such checks that they would not be honored, and was making preparations to abscond with the assets of his bank. *Held*, that plaintiff is not entitled to any preference over other unsecured creditors.

SEYMOUR, J.—The defendant is receiver of the State National Bank of Raleigh, which was closed on Monday, the 26th of March ult. The plaintiff, the Citizens' National Bank, asks for a decree giving its demand a preference over the general creditors of the bank, of which defendant is receiver. The facts upon which it bases its claim are as follows: On Thursday, the 22nd of March, 1888, the plaintiff received in the ordinary course of business, checks drawn on the State National Bank for a large sum, and upon an exchange of checks between the two banks there was found to be due to the plaintiff the sum of \$10,008.66, for which, on the following day, defendant's bank gave to plaintiff a check on the National Park Bank of New York, signed by its president. On Saturday of the same week, upon a similar transaction, defendant's bank gave plaintiff a like check for \$7,603.75 for the balance of the previous day. For some days prior to March 24th, and as early as Thursday, the 22nd of March, aforesaid, the late president and cashier of the State National Bank were preparing to abscond, and on Saturday, the 24th, did abscond, and betake themselves to Canada. Their flight was discovered on the following Monday, whereupon the bank closed. It appears as a fact from what is admitted by the defendant that the Park National Bank had not funds to pay the two drafts in question, nor, in the opinion of the court, had the officers of the State National Bank any reason to expect, or actual expectation, that the checks given by them to plaintiff would be paid. Such checks were, as a matter of fact, duly presented and protested. It is admitted that defendant's bank was actually insolvent for six months prior to the flight of its officers.

1.—Plaintiff's demand grew out of the receipt by it of checks on the debtor bank. This was but an ordinary dealing in the transaction of business between banks residing in the same place. If the plaintiff was defrauded, the fraud consisted in the fact that the insolvent bank continued to do business after its hopeless insolvency was known to its officers, and was one by which all the bank depositors suffered, as well as did the plaintiff. It could not, therefore, be a ground for granting plaintiff a preference over them. It is contended, however, that the fact that this transaction occurred after the president and cashier of the debtor bank had determined to abscond, makes a difference. Before that time

it might be that there was a reasonable expectation that the bank would be able to recover itself, and continue business. The fraud, it is said, consists, not in doing business after the bank was insolvent, but in doing it after it was hopelessly insolvent, and in the expectation of bankruptcy. If this be so, it would render necessary an inquiry into the question of when the hopelessness of its recovery became certain to the bank officers, and what degree of certainty of insolvency is requisite to make further conduct of business by a bank fraudulent. The inquiry would be difficult. A definite date would have to be fixed, and all debts contracted after that date would have to be given a preference over all before. It would, in practice, be impossible to draw such a line. Wherever drawn, injustice would be done. It is highly improbable that there was any precise date at which the officers of the bank became convinced of its insolvency. If there was any, it was probably long before they determined upon flight. Such a line no court, as far as we can discover, has ever attempted to draw. The plaintiff has cited *Cragie v. Hadley*, 99 N. Y. 131, 1 N. E. Rep. 537. A distinction is taken in that case between the actual and the hopeless insolvency of a bank. The insolvent bank had received a check for collection, and had forwarded it to another bank, which had collected it. The contest was between the receiver of the insolvent bank and the owner of the check, for the money in the hands of the bank which had made the collection. The plaintiff was suing for his own money, which had never been mixed with the funds of the insolvent bank. The same question might arise here, if, after the flight of its officers, but before the discovery of that flight, a customer of the State National Bank had deposited a roll of bills therein, which had remained separate and capable of being identified when the bank came into the hands of the receiver; but it does not occur in the case before us.

2.—It is claimed that giving the worthless checks on the Park Bank constitutes such a fraud as to entitle the plaintiffs to a preference. Although at the time those checks were given the plaintiff had taken the State National Bank's checks, it had not then finally charged itself with them, and it would, had not the debtor bank given these checks, have charged the checks on it to its own customers who had deposited them, and thus put the loss on them. This may be so. But the court knows of no principle upon which a general fraud gives the person defrauded a lien on a particular fund. The fraudulent giving of the checks on the Park Bank has no more relation to the funds of the bank now in the hands of the receiver than any other part of the fraudulent conduct of the absconding officers. The only question is, has plaintiff any lien on the funds of the defendant's bank? It is plain that he has not, but is only a general creditor, who, both by the statute (Rev. St. § 5,242) which forbids preferences, and the general law, must stand upon an equality with all the creditors of the State National Bank. The bill is dismissed, but without prejudice.

JURISDICTION OF FEDERAL COURTS IN NATIONAL BANK CASES.

CIRCUIT COURT, S. D. OHIO.

McCorville v. Gilmour et al.

The federal courts have the same jurisdiction of suits by and against the "agents" of national banks appointed under the national banking acts of Congress, when the "receivers" of an insolvent bank have been displaced by such "agents," as they have of suits by and against the "receivers" of such banks, each being in the same sense officers of the United States, and each representing in precisely the same relation the bank in its corporate capacity; and this jurisdiction attaches without regard to any diversity of citizenship of the parties or the amounts involved.

When the receiver of an insolvent national bank has been displaced by an "agent" appointed under the acts of Congress in that behalf, it is proper practice to substitute, upon motion, the "agent" as the plaintiff on the record in place of the "receiver," in a suit already commenced by the latter.

HAMMOND, J.—It having been established, especially by the judgment of this court in the case of *Armstrong v. Trautman*, ante, 275, that we have jurisdiction of cases brought by the receiver of a national bank, without regard to diversity of citizenship or the amount involved, I do not see why we have not the same jurisdiction of suits brought by the "agent," appointed under the provisions of the national banking act to take the place of the receiver under certain circumstances named in the act. Act June 30, 1876, c. 156 (1 Supp. Rev. St. 216; 19 St. 63); *Armstrong v. Trautman*, supra; *Armstrong v. Ettlesohn*, ante, 209; *Price v. Abbott*, 17 Fed. Rep. 506; *Frelinghuysen v. Baldwin*, 12 Fed. Rep. 395. This "agent" is an officer of the United States in every sense that the "receiver" is, albeit he is somewhat differently appointed, and his duties are precisely the same, and although he takes up the business at a somewhat later stage of the winding-up proceedings; and so far as I can see every argument used in the reasoning of these cases to support the jurisdiction applies with equal force to the "agent" as to the "receiver." Indeed, the "agent" is only the "receiver" under another name. By the very terms of the act itself, defining the powers of the "agent," he may apply to this court for authority to sell, compromise, or compound the debts, and may sue and be sued in his own name or that of the association, and the general scope of his duties and powers as there defined are those of the receiver and of all receivers winding up an insolvent corporation. The argument against the jurisdiction proceeds on the notion that after the depositors and creditors are paid, the United States has no further interest in the matter, and that, the whole administration being turned over to the shareholders through this "agent," the concern relapses into the condition existing before insolvency, and that the jurisdiction of the federal courts is thereby ousted. But this would be an unnecessary and possibly disastrous separation and division of the jurisdiction over an insolvency proceeding, that should not be permitted upon any mere implication or inference, and only submitted to upon an express command of the statute. It would be a reversal of the general rule, which concentrates the jurisdiction over insolvency proceedings rather than disperses it. Moreover, the United States has no more interest in the

matter before than after the appointment of this "agent." The legislation contemplates a more independent and exclusive control by the United States of the assets before than after this "agent" is appointed, in the interest of creditors and depositors, no doubt, and for obvious reasons. It also contemplates a somewhat exclusive control by the shareholders of the remnants of the insolvent assets, also for obvious reasons. Nevertheless, the interest of the United States in the matter is precisely the same, and, in both situations of the assets, is based solely on grounds of public policy equally applicable to either. Having established this national banking system upon the faith of federal supervision and control in certain cases, among which are these useful and necessary provisions for winding up a concern, in the event of insolvency, it induces depositors to place their money in them, creditors to deal with and trust them, the people at large to accept their circulating notes as money, and shareholders to invest in the shares of stock. Now, the latter are as much entitled to the protection arising out of the public policy manifested by the acts of Congress for the federal scrutiny and control in their dealings *inter sese*, in case of insolvency, as creditors are entitled to that protection, and for the same reason precisely. The method of dealing with the assets in the one case or the other may be widely different, but this cannot affect the question of jurisdiction and the reason for it. The conclusion of the argument is in itself a *non sequitur*, and it does not follow because the act of Congress grants the shareholders the privilege of controlling the further proceedings in insolvency after the debts are paid, that the federal jurisdiction does or should cease, but on the contrary the reason for continuing it is the same.

The jurisdiction being thus established for the "agent," who is the successor of the "receiver," there can be no doubt about the right to substitute him as a new party to a suit commenced by the "receiver," during his existence as such. It is the common right and practice of substituting as a new party to the record any successor in interest and representation whenever a change occurs by death or otherwise. Each of these administrative officials—the "receiver" and the "agent"—represent the bank in its corporate capacity, and neither of them is more or less than the other such a representative. The "agent" is in no sense a purchaser from the "receiver," and occupies no relation analogous to that of one who takes from another by purchase, but is only a successor in interest and office to the same right or title as that held by the "receiver," and so falls within the general rule of substitution of one such representative for another whenever there shall be a change. Indeed, here there is scarcely any necessity for a substitution, except for the bare purpose of technical conformity, since the "receiver" and the "agent" are one and the same person, and either may, under the privileges of the statute, sue in his own name as "receiver" or "agent."

Motion granted.



COLLECTIONS.

SUPREME COURT OF PENNSYLVANIA.

Fifth National Bank v. Ashworth.

The defendant bank sent a check, drawn by W., and deposited with it by plaintiff for collection, to the bank upon which it was drawn, and accepted a cashier's check for it. The check was charged up by the drawee against W.'s account, but the cashier's check was not paid, owing to the subsequent insolvency of the drawee. *Held*, that the defendant was liable to the plaintiff for the amount of the check.

In such case the defendant is not entitled to be credited with a partial payment made by W. to plaintiff on account of the check after it had been protested.

Action by W. W. Ashworth against the Fifth National Bank of Pittsburgh, to recover the amount of a check deposited with the defendant for collection. The check was drawn by T. J. Watson upon the Penn Bank of Pittsburgh. Judgment was rendered for plaintiff, and defendant brings error.

PAXSON, J.—It is safe to say, as a general rule, that when a bank receives a check from one of its depositors for collection it must return him the check or the money. It is also equally clear that if the collecting bank surrenders the check to the bank upon which it is drawn, and accepts a cashier's check or other obligation in lieu thereof, its liability to its depositor is fixed, as much so as if it had received the cash. It has no right, unless specially authorized to do so, to accept anything in lieu of money. For the latter proposition it is sufficient to refer to *Bank v. Goodman*, 109 Pa. St. 422, 2 Atl. Rep. 687; *Bank v. Bank*, 2 Wall. 252; *Ward v. Smith*, 7 Wall. 447; *McCulloch v. McKee*, 16 Pa. St. 289; *Bank v. Bank*, 11 N. Y. 203; *Graydon v. Patterson*, 13 Iowa 258.

When payment of the check in question had been refused by the Penn Bank, and it had been duly protested, the Fifth National Bank of Pittsburgh, in this case the collecting bank and defendant below, could have relieved itself from liability by returning the dishonored check to the plaintiff below who had deposited it, or it might, perhaps, have called upon the latter, for instructions as to any further proceeding; and had it received and followed such instructions, I am unable to see how any liability could have attached to it. Neither of these modes was pursued. The defendant retained the check, and made a further attempt to collect it. The plaintiff alleges that in doing so the defendant failed to use due diligence, and has thereby rendered itself liable to him for the debt. The check in question was passed through the clearing-house on May 21, 1884, but was not paid; the Penn Bank closing its doors on that day. It was opened again on Friday, May 23, at about 3 o'clock P. M. It remained open all the next day (Saturday), but closed finally on the following Monday morning. All claims presented against it on Saturday were paid; the checks that came through the clearing-house on Monday were not paid. The defendant bank sent this check, with others, to the Penn Bank on Saturday, and received what has been called a cashier's check for the aggregate amount. The check in controversy was for \$2,622.25, drawn by T. J. Watson, and was delivered to the Penn Bank when the cashier's check was taken. It was charged up again to Mr. Watson's account in the Penn Bank, and was placed on file there, with the usual marks of cancellation upon it, and is still retained by that bank. The cashier's check was sent to the clearing-house on Monday, and when it reached the Penn Bank the latter had

finally closed its doors, and shortly thereafter made an assignment for the benefit of its creditors. We need not discuss the question whether the defendant failed to exercise due diligence in not sending the dishonored check through the clearing-house on Saturday. That it could have been done, and was done by some other parties, distinctly appears by the evidence, and is not disputed. We think the defendant bank fixed its liabilities by surrendering the check to the Penn Bank, and accepting the cashier's or teller's check of that bank. As between the defendant and its depositor, this amounted to payment. The plaintiff has neither his check nor his money. Watson's account with the Penn Bank was good when the check was charged up to him. I am unable to see, therefore, that the plaintiff has any remedy against either Watson or the Penn Bank.

It was alleged, however, that in any event the defendant should have credit for the sum of \$1,025, which it is said Watson paid the plaintiff on account of this check after the same had been protested. There is no assignment of error which specifically covers this point, nor was the court below asked to so instruct the jury by any point or written request appearing in this record. It is true the second assignment of error is perhaps broad enough to cover it. The fact remains, nevertheless, that there was no request for the specific instruction referred to. Nor are we able to see how it would have benefited the defendant had it been asked for. The equities, if any existed, between the plaintiff and Watson, could not have been settled by their banks. The collecting bank could have demanded no less than the face of the check, and the Penn Bank was bound to honor the check for its full amount, if in funds. It may be Mr. Watson may have a claim against the plaintiff in case the check is paid, but that does not concern the defendant bank. Judgment affirmed.

ORDERS FOR PAYING CLAIMS AGAINST THE UNITED STATES.

COURT OF CLAIMS.

Rafael Lopez v. The United States.

How far parties dealing with the United States may give valid orders, and powers of attorney, and make assignments of claims due them, and what is the duty of the accounting officers of the Treasury in relation thereto? What rights assignees acquire by such transfers.

RICHARDSON, C. J., delivered the opinion of the court:

The Secretary of the Treasury, in his letter transmitting this case, requests the court to give the Department its opinion on the following points, suggested by the First Comptroller of the Treasury:

(1) Whether assignments or transfers of claims of witnesses are valid under the law.

(2) Whether purchasers, assignees, or transferees of such claims have such rights as make it obligatory on the accounting officers to state and certify accounts in favor of such purchasers, assignees, or transferees.

(3) Under the law is a marshal authorized to pay witness fees to any other persons than those in whose favor they have been taxed and allowed by the court?

The facts of the particular case in which these questions arise, fully set out in the findings, may be more concisely stated as follows:

At a term of the United States District Court for the first judicial district of New Mexico, a large number of witnesses were summoned and attended on behalf of the United States. The court made orders directing that there be allowed and paid to them for travel and attendance certain sums fixed by the order, varying from about \$8 to \$34.

The clerk gave to each one a certified copy, under seal of the court, of the order directing payment to him. Forty-six of these witnesses presented their certificates to the marshal of the District, who was unable to pay them for want of public funds in his hands. He, however, allowed the witnesses to sign his pay-roll, receipting for payment of the respective sums due them, and he indorsed on the certificates the fact that such receipts had been so signed. This was done with the understanding that the payees would sell, transfer and indorse the same, and that the marshal would pay them to the indorsees as soon as he received public funds for that purpose. Before receiving such funds he went out of office. In the meantime Rafael Lopez, the present claimant, had purchased the forty-six certificates for valuable consideration, had taken assignments by indorsements thereon, and had presented them to the marshal for payment, but they had never been paid.

The marshal, on settling his accounts with the Government, returned his pay-rolls to the accounting officers of the Treasury, making no claim for himself on account of the forty-six receipts. The claimant, Lopez, forwarded the certificates to said officers, and asked for payment through the Treasury Department. It does not appear that the original payees have made further claim for payment to them, or repudiated in any way their sales and transfers, nor that there are any claimants to the money adverse to said Lopez.

The difficulty which the Comptroller finds in stating an account in favor of Lopez, the purchaser of the certificates, arises from the terms of section 3,477 of the Revised Statutes, as interpreted by the Supreme Court, in the cases of *Gillis v. The United States* (95 U. S. R., 407), and *Spofford v. Kirk* (97 U. S., 484).

"A great deal has been said and written in regard to that section and the previous Acts embodied therein," says the First Comptroller in one of his communications filed in this case; and it is well known that the accounting officers and the public, doing business with the Government, have been much embarrassed by it. A careful review of the subject and of the recent decisions of the Supreme Court, will show that the true interpretation of the statute has now become authoritatively settled, and that the rights of parties affected by it, and the powers and duties of the accounting officers under it, have been made clear.

Soon after the passage of the Act of February 26, 1853, ch. 81 (10 Stat. L. 170), now said section 3,477 of the Revised Statutes, the then First Comptroller, Elisha Whittlesey, issued an elaborate circular explaining his interpretation of the Act and the practice of the Department to be adopted under its provisions. The opinions of the Supreme Court in the *Gillis* case, and in the case of *Spofford v. Kirk*, seemed to be in contravention of the views expressed in that circular and of the prevailing practice of the department.

The First Comptroller, immediately upon the publication of those opinions, laid a copy of that circular before Mr. Justice Strong, who had delivered the opinion of the court in those cases. The latter, after a careful examination, indorsed his concurrence in the construction therein given to the Act, and the same was filed among the archives of the Treasury Department. The following is a copy of the circular so far as is material, with Mr. Justice Strong's indorsement thereon:

"It has been customary for salary officers, contractors, and other creditors of the United States, to draw orders or drafts on the Government, which they negotiate, and thus realize the amount due them before the accounts are passed. This is often a great convenience to persons living at a distance, on the Pacific coast, or anywhere west of the Mississippi. Salaries are paid quarterly, but the account for a quarter cannot be passed until after the end of the quarter. Heretofore, drafts have been frequently drawn for a quarter's salary, or for a portion of it, and sent here before the end of the quarter; and when so received the account has been passed, and the warrant issued to the owner of the draft as the assignee of the salary.

"If the statute of February last should be applied to salary accounts, no such drafts could be drawn until after the end of the quarter, after the account was passed, and a warrant on the Treasurer issued for the payment thereof. The result would be, that many officers would be compelled to wait from thirty to sixty days after the end of each quarter in order to receive warrants on the Treasurer, or the Treasurer's drafts, before they could realize any portion of their salary; and the delay and inconvenience to many contractors, creditors and employes of the Government would be still greater.

"I do not believe that Congress intended that the statute should be applied to any such cases.

"What was the evil for which the remedy was designed? A reference to the terms of those statutes, and the practice of agents in prosecuting claims before Congress, indicate the evil, and the object of the remedy.

"Agents were in the habit of getting general powers of attorney, to prosecute before Congress or the departments uncertain and doubtful claims, and to obtain and receive the amount which might be allowed upon them; and in many instances assignments were obtained of large claims for very small sums from persons not knowing their rights.

"In such cases, unsuspecting persons were put into the hands and power of sharp and cunning agents, and shrewd, unscrupulous speculators; the claimant often had no means of protecting himself against the false representations and deceptions of agents and purchasers, and the agent might misrepresent the amount collected.

"Hence the requirement that the power of attorney, draft, assignment, or transfer, should refer to the statute under which the claim is allowed, and that the amount due should be ascertained, and a warrant issued for the same, before any such power of attorney, draft, transfer, or assignment, can be legally made.

"It is obvious that this is required by the statute in order that the claimant may fully understand the extent of his rights, and the amount allowed to him, before he can legally assign or transfer the same, or authorize any other person to receive the amount.

"But no such precaution is necessary in relation to salary accounts, accounts for services rendered, or supplies furnished, or for any other form of debt, about the amount of which there has never been any dispute. The officer or creditor in all such cases knows the precise amount, or very nearly the amount, due him; and no good can arise, but often very great inconvenience and evil, from imposing on him restrictions in relation to the time and mode of transferring and assigning the same, or of making powers of attorney for the receipt thereof.

"From various causes soldiers may not have been paid all that was due them. When the rolls are examined by the Second Auditor, the amount found due is reported to the Second Comptroller, and, if he

admits it, he signs the report; and any paymaster of the Army of the United States is authorized to pay the amount so found and certified. Certificates of this character are frequently assigned by the soldiers to avoid the loss of time and expense incident to traveling a distance to present them personally. The paymasters pay them, and include them in their accounts.

"Similar balances are found due to sailors by the Fourth Auditor, and reported to the Second Comptroller, and if he concurs, he signs the report, which authorizes a navy agent to make payment to the sailors or to their assignees. It is not known that any imposition, fraud, or extortion has been practiced in any of these cases.

"Warrants are not issued to pay these and similar balances; advances are made to the paymasters, and navy agents generally, without specifying who are to be paid.

"In making payment to a contractor for transporting the mail, no warrant is issued in his name. The contractors collect of the postmasters, or they draw orders on the department, or the department sends them drafts, according to the circumstances of the case. Collections from postmasters are generally by the carriers, on authority given by the contractors—the department having designated the offices from which collections are to be made.

"Orders are drawn by mail contractors to pay for expenses necessarily to be incurred in transporting the mail, and generally to obtain a credit in advance. They are lodged by the drawee or assignee with the Auditor, to be paid when due, if the department shall then be indebted to the contractor.

"The stocks of the United States are owned and held throughout the civilized and commercial parts of the world. Interest is to be paid thereon by agreement, semi-annually. In almost every instance it is paid on powers of attorney. A warrant is not drawn to pay any particular person, but seasonable advances are made to the assistant treasurers, or other persons designated, to pay the interest, in different sections of the United States. Frequently powers of attorney are executed for collecting interest without any limitation as to time.

"American consuls are required by law, and by the directions of the Secretary of State, to relieve indigent and distressed American seamen in foreign countries. Having incurred expenses for their relief, they are instructed to draw on the Secretary of State, and to accompany the drafts by accounts and vouchers. The drafts are generally in favor of the business correspondents of the consuls in the principal cities, and may have been endorsed before they reached the State Department. If sustained by the accounts and vouchers they are paid to the holder, on the requisitions of the Secretary of State, directed to the Secretary of the Treasury; and the accounts of the consuls are thereafter settled in the due course of business by the accounting officers.

"Consuls are authorized and required by law to send destitute seamen to the United States, and they are empowered to contract with masters of American vessels to transport such seamen, at a price to be agreed upon, not to exceed ten dollars for each one. To enable the master of the vessel to obtain the payment specified, the consul gives him a certificate stating the names of the seamen placed on board, and the amount to be paid for their passage. On the arrival of the vessel in a port of the United States, the collector of the customs indorses on the certificate that such seamen have arrived. The master of the vessel, if not the owner of it, assigns the certificate to the person or persons entitled to the pay, and an account is reported by the Fifth Auditor in favor of the assignees.

"If those statutes should be applied to the cases mentioned, and to those of like character, the business of the Government would be arrested to a great extent, to the injury of individuals, in violation of contracts, and of the public faith.

"My conclusion is, that ordinary debts and accounts against the Government, which have been legally contracted and never disputed, are not claims within the meaning of those statutes, and that the statutes do not apply to them, but apply to uncertain damages and losses, extra allowances, pensions, equitable demands, claims for the correction of alleged errors, claims for a return or repayments of duties, items of account which have been rejected, or are disputed, and such classes of cases as are usually referred to the Committee on Claims, and to committees other than the Committee of Ways and Means.

Comptroller."

INDORSEMENT BY MR. JUSTICE STRONG.

"With no authority to speak for the court, I am of opinion that the construction of the Act of 1853 given in this circular is correct. Perhaps the language of the court in *United States v. Gillis* (95 U. S. Reports) was not sufficiently limited. It had primary reference to the case then before the court; but certainly the word 'claim,' as used in the act, ought not to be held to embrace liquidated debts.

W. STRONG."

In McKnight's Case (13 C. Cls. R., 293) the defendants filed a counter claim against the claimants, to recover back money paid to them as assignees of one Hart upon an assignment declared void by the Act of 1853. The original assignors had never revoked or repudiated this assignment. We held that the Treasury having recognized the assignment and paid the amount due on an accounting to the assignee, no action would lie to recover it back, saying in our opinion:

"If parties allow money due them to be paid to others with their knowledge and consent, it is an adoption and ratification of the act which they cannot afterwards set aside, and such payment is a valid discharge of the debt as between the Government and the creditor."

On appeal the Supreme Court affirmed the judgment of this court, and sustained our views, saying in its opinion:

"It is true the assignment was contrary to law, and therefore a nullity, but there was nothing contrary to morals or conscience in the payment or receipt of the money. The facts were all known. There was no indirection, concealment, or improper purpose on either side.

"Although the petitioners had no claim against the United States, they had a valid claim against Hart. The money was received in payment of his debt, and discharged it to that extent. He is estopped by his receipt from setting up any claim against the Government. It does not appear that he has ever complained. (98 U. S. R. 185.)"

This case was followed by that of *Bailey v. The United States* (15 C. Cls. R. 490), where the force of assignments was again considered, and the court, in its opinion, used the following language:

"The statute in this case (Act 26th February, 1853, 10 Stat. L., 171) does not attach any turpitude to the assignment of a claim or the giving of a power of attorney such as was given by the claimants. It does not prohibit the giving of such assignments and powers, nor prohibit the officers of the Government from acting upon them; it merely declares them to be void. . . .

"We are of the opinion that where a payment is made upon a power

of attorney properly authenticated, actually given and sufficiently comprehensive in terms, its validity or invalidity under the statute is no longer in question, and no party to the transaction is at liberty to deny the effectiveness of the payment. Such powers of attorney belong to that class of obligations which may be void while they remain executory, but which are to be treated as valid when they have become executed. Courts cannot enforce them; but if the parties voluntarily give effect to them, sound morality forbids that they should be allowed to question the effectiveness of what they have themselves accomplished."

This case was also appealed, and the Supreme Court fully sustained the views of this court, as appears by the following extract from its opinion (109 U. S. R., 438):

"The question is, whether payment to one who has been authorized to receive it by the power of attorney executed before the allowance of the claim by the Act of Congress, was good as between the Government and the claimant, where, at the time of payment, such power of attorney was unrevoked.

"If, in respect of transfers or assignments of claims, the purpose of the statute, as ruled in *Goodman v. Niblack* (102 U. S. R. 2,556), was to protect the Government, not the claimant in his dealings with the Government, it is difficult to perceive upon what ground it could be held that the statutory inhibition upon powers of attorney in advance of the allowance of the claim and the issuing of the warrant, can be used to compel a second payment after the amount thereof has been paid to the person authorized by the claimant to receive it.

"A mere power of attorney given before the warrant is issued—so long at least as it is unexecuted—may undoubtedly be treated by the claimant as absolutely null and void in any contest between him and his attorney in fact. And it may be so regarded by the officers of the Government whose duty it is to adjust the claim and issue a warrant for its amount.

"But if those officers chose to make payment to the person whom the claimant, by formal power of attorney, has accredited to them as authorized to receive payment, the claimant cannot be permitted to make his own disregard of the statute the basis for impeaching the settlement had with his agent.

"To hold otherwise would be inconsistent with the ruling heretofore made, and with which, upon consideration, we are entirely satisfied, that the purpose of Congress by the enactments in question was to protect the Government against frauds upon the part of claimants and those who might become interested with them in the prosecution of claims, whether before Congress or the several departments.

"The title of the Act of 1853 suggests this purpose. It is to prevent frauds upon the Treasury.

"An effectual means to that end was to authorize the officers of the Government to disregard any assignment or transfer of a claim, or any power of attorney to collect it, unless made or executed after the allowance of the claim, the ascertainment of the amount due thereon, and the issuing of the warrant for the payment thereof."

The next and latest case involving the interpretation of the statute is that of *Freedman's Bank v. Shepherd* with *Shepherd v. Thompson* (127 U. S. R., 494). In that case the United States was lessee of certain real estate, and the lessor had made assignments of rents under the lease, somewhat complicated by the facts. The validity and effect of those assignments, and the application of the money paid upon them by the United States, was directly in issue. The court in its opinion, said:

" Here the officers of the Government chose to recognize the assignment, and of their action neither Bradley nor Shepherd nor Shepherd's trustees can rightfully complain.

" The Government is acquitted of any liability in respect to the claim for rent, for its officers have acted in conformity with the directions, not only of the original claimant, but of his assignee, Shepherd, and of Shepherd's trustees.

" The simple question is whether the money received from the Government shall be diverted from the purpose to which Bradley, Shepherd, and Shepherd's trustees agreed in writing that it should be devoted, namely, to the payment of the debts Thompson holds against Shepherd. This question must be answered in the negative; and in so adjudging we do not contravene the letter or the spirit of the statute relating to the assignment of claims upon the United States."

The result of all these decisions is, in our opinion, that while such assignments, transfers, and powers of attorney to collect money due from the United States are void if the assignors or principals revoke and repudiate them before payment is made upon them, still the accounting officers of the Treasury may recognize them and may state accounts in favor of the assignees or attorneys in fact, and payment may be made at any time before revocation, and that such payments are binding and conclusive upon the parties and are a complete discharge of the indebtedness as against the assignors.

The practical effect of the law, thus interpreted, is that such assignments and transfers, whatever be the consideration, are mere naked powers of attorney, revokable at pleasure. Creditors may avail themselves of such instruments in order to have money due them from the United States paid to such persons and in such manner as they may direct, in like manner as they may transact business with individuals, provided there be no controversy and the accounting officers see no grounds for suspicion of fraud or other satisfactory reason for refusing to recognize the transfers. But the Government cannot be involved in controversies between private parties.

As to marshals, the Revised Statutes provide :

" SEC. 855. In cases where the United States are parties the marshal shall, on the order of the court, to be entered on its minutes, pay to the jurors and witnesses all fees to which they appear by such order to be entitled, which sum shall be allowed him at the Treasury in his accounts."

In making payment of witness fees marshals must be governed by the general laws as to powers of attorney and assignments applicable alike in all cases.

In the present case the marshal whose duty it was to pay these fees has gone out of office, has returned his pay-rolls to the Treasury Department, and the department is in possession of the certificates given to the witnesses and by them indorsed to the claimant.

It will no doubt be convenient for all parties concerned that payment be made directly from the Treasury instead of through a marshal. We find nothing in the facts to prevent the accounting officer from stating an account in favor of the claimant, Lopez, for the amount of his demand, making payment to him upon a warrant in the usual manner.

Upon the points specifically presented by the Secretary of the Treasury we make the following conclusions of law :

(1) A marshal may pay witness fees to persons other than those in whose favor such fees are taxed by the court, upon the unrevoked and undisputed orders, assignments or transfers thereof by the witnesses.

(2) Such unrevoked and undisputed orders, assignments and transfers are so far valid under the law that if payment be made thereon the assignors will be estopped from setting up any other claim on their behalf, and such payment will be a valid discharge of the indebtedness.

(3) While the accounting officers of the Treasury may state and certify accounts in favor of such purchasers, assignees, or transferees whose assignments are not controverted, they may exercise their own discretion in the matter, with due regard to the convenience of parties and the Government. Such assignees have no rights which make it obligatory upon the accounting officers to so state accounts in their favor.

LEGAL MISCELLANY.

INTEREST—RATE—FOREIGN STATE.—A note executed in California will not bear any higher rate of interest than a Kentucky note, when sued on in Kentucky, unless the California law allowing a higher rate has been properly pleaded as well as proved. [*Templeton v. Sharp*, Ky. Ct. App.]

BANKS AND BANKING—PRINCIPAL AND AGENT.—Where a bank delivers to another bank money, drafts, etc., to pay a creditor, the relation between the debtor bank and the other bank is that of principal and agent, until the creditor assents or acts upon the transaction. [*Brockmeyer v. Washington National Bank*, S. C. Kan.]

NEGOTIABLE INSTRUMENTS—NOTICE—PLEADING.—Where the indorser receives his mail at the place where the note indorsed is payable, a notice of non-payment duly placed in the post-office, and actually received by him on the day following the last day of grace, is sufficient to charge him as indorser. [*Hendershot v. Nebraska National Bank*, S. C. Neb.]

PAYMENT—ASSIGNMENT—CHECK.—In an action for goods sold, and question of payment arose: *Held*, that the transaction constituted a payment, and not an assignment. [*Tiddy v. Harris*, S. C. N. Car.]

USURY—PENALTIES AND FORFEITURE.—Under 18 Stat. S. Car. (1882) p. 35 § 1, in reference to usury, where a note containing an express agreement that the interest shall run to the maturity of the note at ten per cent. is discounted by a bank at ten per cent. on the principal and interest to accrue, the charge of discount on the interest, to the extent of three per cent., the excess over seven per cent., the legal rate, is usurious. [*Carolina Sav. Bank v. Parrott*, S. C. S. Car.]

ASSUMPSIT—MONEY PAID.—Where a draft is sent to a bank for collection, and the agent of the bank, through mistake, only collects a portion of the draft, marking it "paid," and the bank pays the entire amount of the draft to the holder, taking the notes of the agent for the amount, which he failed to collect, an action by the agent for money paid will lie against the drawee. [*Beard v. Horton*, S. C. Ala.]

BANKS AND BANKING—SET-OFF.—As to the right of set-off by depositor of insolvent bank of money on deposit against notes given bank, some of which are in hands of third parties. [*Louis Snyder Sons v. Armstrong*, U. S. C. C. Ohio.]

BANKS AND BANKING—LIABILITY TO STOCKHOLDERS—PLEDGES.—A pledgee of shares of stock in a national bank, who does not appear, by the books of the bank or otherwise, to be the owner, is not liable for an assessment upon the shares of the insolvency of the bank, under Rev. St. U. S. § 5151. [*Welles v. Larrabee*, U. S. C. C. Iowa.]

NEGOTIABLE INSTRUMENT—CONVERSION.—Payee of note not liable on his indorsement of same where he left it with plaintiff, who wanted to look up the solvency of the maker and converted same to his own use. [*Haas v. Sackett*, S. C. Minn.]

NEGOTIABLE INSTRUMENTS—PAYMENT—RENEWAL.—Where a joint note is executed for a debt, and at its maturity a partial payment is made, and a new note given for the balance, which is invalid as to one of the makers on account of a material alteration, a recovery can be had against the latter on the original cause of action, the old note being produced at the trial. [*Owen v. Hall*, Md. Ct. App.]

NEGOTIABLE INSTRUMENT—INDORSEMENT—NOTICE.—Sufficiency of notice of non-payment of promissory note to bind indorser. [*Wachusett National Bank v. Fairbrother*, S. J. C. Mass.]

USURY.—*Held*, under the evidence, that the contract had none of the element of usury. [*Myers v. Roller*, S. C. Va.]

USURY—BURDEN OF PROOF.—Where one enters into a contract, in consideration of a loan, to deliver certain cotton, to be sold on commission, which contract is usurious if the borrower has no reasonable expectation that he can comply with the terms, the burden is on him to show that in making the contract he had no such expectation. [*Smith v. Lehman*, S. C. Ala.]

USURY—ADVANCES—COMMISSION MERCHANTS.—A commission merchant advanced to a planter, money, taking his note therefor due in the next cotton season, with interest from date, with an additional agreement that for every \$10 loaned, the planter would deliver to the merchant one bale of cotton for storage and sale on commission; *Held*, that where there was a reasonable expectation that the planter could deliver the cotton, the contract was not usurious. [*Harmon v. Lehman*, S. C. Ala.]

THE FRENCH BUDGET.

[CONCLUDED.]

THE EXTRAORDINARY BUDGET.

The second part of the budget deals with the expenditure met from extraordinary resources; in other words, from resources raised on borrowed money. These expenses are justified on the plea that, as they are not of a permanent character, it would be unfair to impose the burden of them on a single year, and that a burden which it is necessary to distribute over a series of years is best provided for by means of loans. In reality, however, these expenses are a disguised tax thrown upon future generations.

M. Thiers in 1872 established an extraordinary budget under the modest and ingenious title of a *compte de liquidation*, or clearing account. This continued in operation from 1872 to 1878, and disposed of a sum of seventy-seven millions sterling, of which some thirty-three millions were spent on military stores, on the maintenance of the German troops during their stay in France, and on war indemnities, and the remaining forty-four millions on the renewal of war materials. In 1879 the extraordinary budget was re-established on the understanding that it was to be applied for purposes of war and public works; but in 1882 not less than seven Departments of State had slices out of it. This abuse has, however, been done away with. It has been acknowledged that certain outlays which recur periodically—such, for example, as the

cost of maintaining highways—cannot be treated as provisional, temporary, or exceptional. In the budget of 1888 all the extraordinary votes have been removed, except those for the army and navy, which came to £4,000,000 in that year, and for which nearly £8,000,000 are asked in the budget for 1889. Since the budget for 1889 was introduced, however, the Minister of Marine, adopting a proposal of some private persons, has demanded between £2,000,000 and £3,000,000 for improving the ports of Brest and Cherbourg, and M. de Freycinet has given notice that he will want £36,000,000 for the War Department.

The *compte de liquidation* and the extraordinary budget have between them supplied the War Department with the sum of £100,000,000. Each successive Minister generally intimates that he is not of the same opinion as his predecessor, and consequently needs new millions. If any objection is raised, he replies with the word "patriotism," and he usually obtains (taking one year with another) some thirty millions sterling, which, in spite of his best exertions, he is not always able to spend.

The extraordinary budget includes another item, called "special Treasury services." This consists of a sum of £3,440,000 given as advances to French and Algerian railway companies for the guarantee of interest. Up to 1885 these advances were made by means of the floating debt, but since that date they have been obtained by bonds at short date. "It is not a loan," people say, "it is only an advance which the companies are to repay." Be it so—but when? In the meantime the budget has to pay the interest on it, and that interest, which is already £472,000, is estimated to be likely to mount up to £1,200,000 to meet the engagements of the immediate future. Article 28 of the Financial Law authorizes the Minister during the year 1889 to execute, out of funds to be laid out by chambers of commerce, municipalities, departments, and other parties, public works connected with rivers, canals, and harbors to a maximum figure of £986,400. These funds are what are called "co-operation funds" (*fonds de concours*). Towns or chambers of commerce borrow the money on behalf of the Government, and make to it the advance necessary for the execution of the works they want. Sometimes they run shares themselves for a certain sum, but the money they lend to the Government is to the latter only a loan, and an onerous loan too, for their credit is generally worse than that of the State, and they have consequently to borrow on dearer terms. On December 31, 1888, there had been incurred in this way a burden of £15,360,000, of which £11,560,000 remained unpaid, and that without counting £2,884,400 more for the harbors of Havre and Rouen.

ABSTRACT OF THE BUDGET.

The following is a general statement of the budget as estimated for 1889:

Ordinary budget.....	£120,430,000
Extraordinary budget.....	£7,718,000
Short-dated bonds to be issued for renewal on expiry in 1889.....	4,000,000
Advances to railway companies.....	3,440,000
Co-operation funds, maximum for works to be undertaken in 1889.....	984,000
Works executed by railway companies or by the State on co-operation funds placed at its disposal.....	5,800,000
Total amount borrowed or to be borrowed.....	21,942,000
Total budget.....	£142,372,000

We have not counted in this table the separate budgets attached, for the sake of order, as schedules to the budget of the State—the budgets of institutions with resources of their own, like the State railways, the Mint, the National Printing Office, the Legion of Honor; these amount in all to £3,486,640. Then, again, before 1862 no distinction was made between the State budget and the budget of special resources, that is to say, the collection made by the State of various duties, profits, and revenues for the behoof of the departments and communes; for 1889 these amount to £15,000,000, and if we add the *octrois*, which come to £11,240,000, we get a total of £26,240,000. Other two millions may be added for hall and market customs and other local charges, so that we have in round figures a total of twenty-eight millions sterling from these sources. The entire estimates for 1889 for State departments and communes together thus amount to the round sum of one hundred and seventy millions. But that is not yet all.

The estimates are discussed very seriously by the budget committee and by the chamber, more especially all that relates to the ordinary budget. The reporter-general and his colleagues set to work "to buckle the budget"—that is, to see that the credits voted and the estimated receipts correspond together; but they always leave a good many thousand pounds at least to the advantage of the latter. A budget committee which did not bring up a "buckled budget" would be treated with the utmost contempt both by the chamber and by the public. To arrive at that result they sometimes magnify certain receipts and diminish the estimates of certain expenses which are sure to be incurred.

The proposed budget is then submitted to the rolling mill of the chamber and of public discussion, and after that it becomes the financial law for the year; but what will it be before the end of its currency? There have been only four budgets since the beginning of the century in which the ordinary receipts were sufficient to cover the expenses; namely, the budgets of 1826, 1875, 1876, and 1877. It has also happened only four times that at the end of a budget's currency the amount of the credits unused and canceled has exceeded the amount of the additional credits demanded—in 1848, because the additional credits were withdrawn or deducted before the final settlement; and in 1877, 1879, and 1880, by the adjournment of the military and other expenditure of the Extraordinary Budget.

Unforeseen expenses are met by supplementary and extraordinary credits. Article 41 of the decree of 1862 on the public accounts, which is a reproduction of the laws of 1817 and 1850, specifies "that Ministers cannot, on their own responsibility, spend more than the several credits opened to each of them, nor undertake any new expense before the means of paying it has been provided by a supplementary credit;" but this law is not always respected. There is often no justification for these supplementary credits. The money has been spent, and it cannot be charged against a Minister who has gone out of office, and whose personal resources would perhaps have been in any case inadequate to meet it. It is therefore paid.

The following is a table of the additional credits voted since 1871, stated in millions of pounds sterling:

1871.....	12	1880.....	5
1872.....	11	1881.....	7½
1873.....	13½	1882.....	8½
1874.....	1½	1883.....	4
1875.....	3½	1884.....	6½
1876.....	5½	1885.....	11½
1877.....	2	1886.....	5
1878.....	3	1887.....	2½
1879.....	9½	1888 (up to June).....	1½

The average is certainly high ; nearly $6\frac{1}{2}$ millions sterling per annum on a budget, ordinary and extraordinary, of 142 millions. It is less, however, than it was under the Empire. On a budget of eighty millions the additional credits used then to average twelve millions a year (after deducting the canceled credits) that is, 15 per cent.

THE TREASURY.

The Finance Minister has a banker who is always at his call ; it is the Treasury—an entity which has a distinct personality of its own, and which has taken the place of the old bankers of the court. The Treasury lays by the revenue that is created, and is ready to advance the sums of money that are from time to time necessary. If the revenue is less than the expenditure, and if the difference is not made up by a loan or any other extraordinary resource, the Treasury pays it out of its own resources and carries the amount to the debit of the account of that particular budget as a deficit. That is what is called the “*découverts du budget*,” the uncovered balance, the deficit.

Those deficits have accumulated as follows :

Before 1814.....	£ 489,000
1815 to 1829.....	8,694,000
1830 to 1847.....	28,658,000
1848 to 1851.....	14,375,000
1852 to 1869.....	50,400,000
1870 to 1887.....	49,124,000
	<hr/>
	£ 151,740,000

From this sum, however, there must be subtracted fifty-seven millions of surpluses, of which nearly twenty-two millions belong to the period from 1870 to 1887.

When the Treasury has need of resources which are not provided either by taxes or funded loans, it has recourse to an extension of the floating debt. The floating debt comprises the current account of the Paymasters-General (*payeurs généraux*), the funds of the communes, of the public establishments and of the City of Paris, the unemployed funds of the savings banks and the old age annuity scheme, and the Treasury bonds in circulation. These funds bear interest. On May 1, 1888, they amounted to £35,587,000. There were besides £3,506,000 bearing no interest, so that the total floating debt at that date was £39,093,000. From 1852 to 1870 the average of the floating debt was thirty-four millions sterling, but it has risen to fifty-two millions during the period from 1872 to 1887.

One of the resources of the floating debt consists of Treasury bonds issued for terms varying from three months to a year, and bearing interest at from 1 to $1\frac{1}{2}$ per cent. In the total given above they count for £2,720,000. Devised to bring resources to the Treasury when the revenue from the taxes is not exactly equal to the expenditure, they are only a sort of checks which the Treasury draws upon itself. Every year the Financial Act permits the Finance Minister to issue these Treasury bonds to the extent of sixteen millions sterling, but for several years past he has had no need to issue them, because the deposits at the bank stand at a constant average of £8,800,000. The budget brought in by M. Peytral in 1887 made provision for the Extraordinary Budget by means of £3,680,000 of Treasury bonds. That innovation, in direct contravention of the law of 1824, which legalized the issue of such bonds, provoked a lively sensation. It was contended that Treasury bonds would be deprived of their true character if they were thus to be made the means of raising a loan without material security. On the day of

their expiry how were they to be paid? By a renewal? But in that case Treasury bonds would lose their character as Treasury expedients; they would become a mere instrument or form of public loan.

The funds drawn on for the floating debt are liable to immediate recall, or at least to recall at short terms. Those which come from the suitors' fund and the savings banks constitute the great danger. On the 31st of December, 1882, these funds had a capital of £35,158,000. The law of the 20th of December of that year authorized the Government to consolidate them by means of a loan of forty-eight millions. The operation was completed in the second half of 1884; the law of the 2d of May, 1886, authorized a consolidation of sixteen millions more. In speaking of consolidation, however, we are making use of a term which is not strictly accurate, for the depositors at the savings banks have still the right to recall their money, and if any catastrophe occurred it would be necessary to pay them. "Yes," it is said; "but you have the titles of the *rentes* for investment, and that is something more than if you were obliged to give directly the sums demanded." Such are the current arguments in favor of that consolidation; but a certain number of scrupulous people consider that these sixty-four millions ought to continue to be entered among funds liable to be recalled.

THE CONSOLIDATED DEBT FROM 1870 TO 1888.

The following table shows the loans raised in stock issued since 1871 :

<i>Perpetual Rente.</i>		
Loan of	1871, 5 per cent.	£91,720,000
"	1872, 5 "	139,920,000
"	1886, 3 "	36,000,000
		£267,640,000
<i>Terminable Rente.</i>		
Loan of	June 11, 1878.	£17,560,000
"	December 22, 1880.	40,000,000
Consolidation loan of	December 30, 1882.	48,000,000
Liquidation of the old age annuity fund.		11,760,000
Loan of	January 30, 1884.	14,000,000
Total.		£398,960,000

This figure is an indication of the extraordinary expenses we have been obliged to incur since 1870. Is the Republic responsible for the consequences of the war, which have made us add twenty-eight millions sterling of annual expenditure to our budget? The Republic has done imprudent things: it began with too great a hubbub of too multifarious public works; it has adopted, at the same time, an economic policy which has the effect of preventing the harbors, canals, and railways it constructs at so much expense from being effectively utilized; and it has given nearly two hundred thousand pounds in bounties to the sea fisheries, and three hundred and sixty thousand to the mercantile marine, not to speak of the subventions granted to the shipping companies in the name of postal service.

The deputies are economical in the general but prodigal in detail.

From the date of the elections of October, 1885, down to the month of November, 1888, the increase of public expenditure upon projects of private initiative would have exceeded eleven millions had they been voted, but fortunately they were not voted. M. de May and M. Georges Roche having proposed to spend two millions and a half on Toulon, Brest, and Cherbourg, the Minister of Marine immediately adopted the proposal, without troubling himself as to where he was to draw the money from. M. de Freycinet announced that he would require thirty-

four millions for extraordinary expenses of the War Department. The Finance Minister proposed to raise a loan of £3,680,000 on Treasury bonds. We have more than twenty millions of Treasury bonds to pay, and, when they expire, we do not pay them ! It will be absolutely necessary, therefore, to have recourse to a funded loan at a day not very far distant. Many people imagine they have paid a bill when they have converted it from an immediate debt into a debt for an indefinite period or for a fixed term of seventy-five years. In reality it is a tax which they impose on the future.

One cannot borrow indefinitely. There are only two alternatives. On the one hand, institute economies, not merely economies of detail, useful as these may be, but economies resulting from profound reforms both in our conception of patriotism and our conception of the jurisdiction of the State. Are we ready for that work ? Alas ! the demands of every deputy for his district, for his country, for this or that class of persons in whose eyes he desires to acquire popularity, for such and such a local need, and the Protectionist passion which animates the majority of the Chamber, prove the contrary.

There is another alternative : increase the taxes. Can we do so ? Dare we do so ?

So much for the Budget of Expenditure ; we come now to the Budget of Receipts.

THE BUDGET OF RECEIPTS.

On the day the Budget of Receipts is voted we regularly read in half the French newspapers this remark : " The deputies, being in a hurry to go away, voted more than a hundred and twenty millions in a quarter of an hour." This is followed by some appropriate observations on the thoughtlessness and indolence of the deputies, and the public is at a loss to understand how, after taking two months to discuss the chapters of the Budget of Expenses, the Budget of Receipts can be voted so rapidly.

The reason is because in reality the Budget of Receipts is not voted at all. It is included entire in an article of the Financial Act which runs thus : " The ways and means applicable to the ordinary expenses of the budget for 1889 are estimated, in accordance with Schedule C of the present Act, at the total sum of £120,450,000." That article is completed by another, which runs thus : " The collection of the customs, dues, and revenues specified in Schedule B annexed to the present Act will continue to be carried out, for the benefit of the State, in conformity with existing laws." Then comes a terrible article with which the Financial Act closes : " All contributions, direct and indirect, other than those that are authorized by the Financial Acts for the year 1889, under whatever title or denomination they are collected, are formally prohibited, and the authorities who order them, the employees who make out the rolls and tariffs for them, and the officers who receive payment of them will be prosecuted as extortioners, without prejudice to an action for recovery of the money within a period of three years against all receivers, collectors, or other individuals who have done the work of collection." It was owing to this article that the Chamber obliged Marshal MacMahon to resign after the elections of the 14th of October, 1877.

Save some rhetorical flourishes about the direct taxes, that is everything the Financial Act contains relating to the revenue, unless in the event of the Government, the budget committee, or the deputies proposing reform or fiscal alterations. Then it may entail discussions like those, for example, that were provoked last year by the reforms in the duty on liquors, which it fell to my lot to propose in the name of the budget committee in my capacity of reporter-general. All the great fiscal laws are

comprehended in the finance laws, the law of 1807 on the *cadastre*, as well as the law of 1816 on the indirect taxes, and all the modifications introduced into them since then.

How is the estimate of the revenue made? It is made according to the receipts of the last year but one; the estimate for the budget of 1889 is made upon the receipts of 1887; and it is subject to no other modifications except those which result from new fiscal laws or changes of tariffs, which can be reckoned with more or less certainty. For the budget of 1883 M. Léon Say added to the receipts of 1881 the average surplus from indirect taxes during the three preceding years. This mode of proceeding facilitates the adjustment—the “buckling”—of the budget, but it prepares the way for deficits and deceptions.

The receipts are derived from the following different sources :

(1) Direct taxes.....	£ 17,794,000
(2) Indirect taxes.....	74,167,000
	£ 91,961,000
(3) Profits of State industrial monopolies.....	23,441,000
(4) Revenue of State domain.....	1,775,000
(5) Profits from divers sources.....	1,082,000
	118,259,000
(6) Exceptional receipts (proceeding from a repayment).....	31,000
(7) Service receipts (deductions, retiring pensions, etc.).....	2,160,000
	£ 120,450,000

(The revenue as well as the expenditure of Algeria is included in the total of the ordinary budget.)

This division is not strictly correct, for there ought to be added to the direct taxes the impost of 3 per cent. that is laid on the revenue from shares and securities of all kinds, and which, in the above statement, is included under indirect taxes, because it depends on registration. The sums derived from the Post and Telegraphs may be considered a remuneration for services rendered, but it is evident that the tobacco monopoly, which raises the price of the product above its value, constitutes a genuine tax. Under the head of divers sources of revenue is reckoned the charge for professional licenses, which is undoubtedly a tax; and among the service receipts are included the university revenues. These classifications are certainly very arbitrary.

The direct taxes are classified thus :

Land.....	£ 4,742,000
Houses.....	2,496,000
Poll tax and house rent tax.....	2,925,000
Doors and windows.....	1,936,000
Licenses.....	4,155,000
	16,279,000
Taxes assimilated to direct taxes.....	1,137,000
	17,417,000
Algeria.....	377,000
	Total..... £ 17,794,000
Tax of three per cent. on securities and shares.....	£ 1,955,000

The three first of these taxes are taxes of distribution, of which each department, each arrondissement, each commune, has to pay a certain proportion. From this there result the most shocking inequalities. The land tax is assessed on a pretended net revenue, determined by the *cadastre*, made from 1821 to 1850. This revenue has remained unaltered. According to the inquiry of 1880-1883, the average rate of contribution was 4.49 per cent. of the net revenue, but forty-six departments paid more than

this rate to the extent in all of £446,000, and forty-one departments paid less. Corsica paid less than a franc, and other departments paid six or eight. The proprietors complain greatly of the burden of the land tax, but it was £9,600,000, in 1791, and is only £7,238,000 for 1889, so that the present figure is only 75 per cent. of the figure of a century ago, and if we take into account the additional centimes for the departments and communes, it is only 125 per cent. On the other hand, the average price of the hectare of agricultural land was only £20 in 1789, while it had risen to £80 in 1874, and, even after making due allowance for the fall in more recent years, we see what a reduction has taken place in the land tax between 1791 and our own time.

The indirect taxes and revenues are as follow :

Registration fees.....	£ 20,677,000
Stamps.....	6,469,000
Customs.....	14,267,000
Duties on drinks, oils, candles, playing cards, carriage by rail- way and coach, etc.....	23,726,000
Sugars.....	7,062,000
	<hr/>
	£ 72,203,000*
Monopolies :	
Matches.....	£ 640,000
Tobacco.....	14,765,000
Powder.....	473,000

When we include Algeria, the monopolies yield a total revenue of £15,980,000, and the entire indirect taxation a total revenue of £88,160,000. The indirect taxes stand, therefore, to the direct taxes as 496 to 100.

Taxes which obstruct the freedom of labor or of circulation of things and persons, such as the tax of 6.88 per cent. (raised by necessary expenses to 10 per cent.) on real property at every change of possessor ; capitation taxes, like that on salt ; taxes graduated the wrong way, like those on drinks—these are taxes which the political factions never fail to promise to abrogate when they are in opposition, but they always forget their promises when they come to power. The "men of government" pretend that the sum of a good fiscal policy is to make the taxpayer pay without perceiving it, though he may pay dearer. It ought to be stated however, that if the war of 1870 created twenty-eight millions of new taxes, which have all, save forty-five centimes on patents, been imposed in the shape of indirect contributions, the Chamber of Deputies has made reductions between the years 1877 and 1885 to the extent of eleven millions and a quarter, or about two-fifths. It has made the great mistake, however, of utilizing its surpluses to shuffle out of fiscal reforms instead of undertaking them. But people take no care of themselves when they are in health.

CONCLUSION.

Such is the situation of our finances as exactly as I am able to trace it. Far, on the one hand, from the alarmists who under all governments and at all epochs have cried that France was lost and ruined, and equally far from the optimists, on the other hand, who, with a sort of Mussulman fatalism, refuse to see danger, I conclude that a severe financial policy is the duty of France. The prosecution of such a policy needs statesmen who have the courage of responsibilities, citizens who repudiate what Buckle calls the Protectionist spirit, and, above all, the conviction that sound finance is impossible without respect for the laws of political economy.—*Contemporary Review*.

* The difference between this figure and that given in the general table arises from this, that I have deducted the two millions of the tax on shares and securities and carried them to the head of direct taxes.



INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

INTEREST.

A. borrows from a bank one hundred dollars for a year, in a State where twelve per cent. interest is permitted. The interest is taken in advance, the borrower receiving eighty-eight dollars. Is the transaction usurious?

REPLY. No. This question was decided by the Supreme Court of New York in the case of the *Manhattan Company v. Osgood*, in 1818 (15 Johns. 162). The legal rate was then seven per cent., which was taken in advance. This transaction was claimed to be usurious; but the court said: "There is no ground for the allegation that the notes are usurious, for it cannot be questioned that it has been the uniform practice of all banking institutions since their establishment, to exact the payment of interest in advance, and it would be an alarming principle to introduce that all paper thus held should be usurious and void. The law, however, does not require such a decision. It supports a different and more salutary principle, and more conducive to mercantile convenience, by allowing bankers to receive the interest in advance." This doctrine has also been maintained in a later case (*N. Y. Firemen's Insurance Co. v. Sturges*, 2 Cow. 664). But if the interest taken in advance was for a very long period, the transaction might be regarded as usurious. (*Marsh v. Martindale*, 3 Bos. & Puller 154.) In the case just cited, in which this principle was applied, the period was three years.

INDORSEMENT.

A check drawn by John Smith on "Second Bank," payable to Henry Jones, is sent to "First Bank" by a correspondent bank for collection. It is indorsed "Henry Jones, by H. G.," and also by the sender, with a regular collection stamp. If "Second Bank" pays the check, and it afterward appears that the payee's indorsement was irregular and not authorized, can the "Second Bank" recover from "First Bank"? and the "First Bank" from its correspondent? Is the indorsement on a check a guaranty of all previous indorsements?

REPLY. "The rule is well settled," says Mason, J. (*Turnbull v. Boyer*, 40 N. Y., p. 460), "that an indorsement of commercial paper is a contract with every subsequent holder that the instrument itself, and all the antecedent signatures thereon, are genuine." This rule has been often applied to checks.

The other question is easily answered. The "Second Bank" can recover from the immediately preceding one, and that, in turn, can recover, until the party originally liable is reached. One of the best known cases on the subject is *Canal Bank v. Bank of Albany* (1 Hill 287). A draft was drawn on the Canal Bank by the Montgomery County Bank, payable to the order of B. It purported to have been indorsed successively by B., then by C., afterward by the Bank of New York, and lastly by the Bank of Albany, to which it was paid by the Canal Bank. It was proved that B.

in fact, never indorsed the draft. The court remarked that the defendants "obtained the money of the plaintiffs on a bill of exchange payable to the order of B., under a forged indorsement of his name. Money has been successively paid by mistake of the several indorsees, the plaintiffs, the defendants, the Bank of New York, etc., and the remedy by each is plain. It is by action over, each against his respective indorser. The bill has never been put in a regular course of negotiation, for want of B.'s name. No one who has advanced money on it, therefore, obtained what he supposed he had got; and the indorsers, beside being liable as such, may each be sued as having received money without consideration."

AMBIGUOUS CHECK.

A question having been raised as to the proper manner in which to treat a check written as follows: "Pay to the order of John Smith or bearer, Ten Thousand Dollars." B. holding that it requires no indorsement, that it is simply a check payable to the bearer. C. holding that it is payable to the order of whoever may present it, without the indorsement of John Smith. P. holding that it should be indorsed by John Smith, and that satisfactory identification should be required; in other words, that it is simply a check payable to the order of John Smith. Which is correct? How can the paying teller treat such a check so as to protect the bank, the drawer of the check, and not cause annoyance or unnecessary delay to the holder who presents it for payment?

REPLY. We suppose that this check was partly in print and partly in writing, the printed portion consisting of the words: "Pay to the order of," and that the maker wrote, "John Smith or bearer." If this is the case, there is no difficulty in determining the maker's intention. In construing such an instrument the general rule may be applied, that written words are to be regarded instead of printed ones, whenever they contradict each other. The reason for the rule is apparent. It is presumed that whatever the maker wrote, he considered more carefully than he did the printed matter. Applying this rule, the check was simply one payable to bearer, and, of course, requiring no indorsement.

SIGNATURE.

Questions have arisen over the following checks: "Providence, R. I. Tenth Nat'l Bank. Pay to the order of Smith Rubber Co.," which is indorsed, "For deposit in First Nat'l Bank, to the credit of John Brown, ass't. treas." Another check drawn in the same manner is indorsed "John Johnson, Treas." These checks came through clearings. Should the Tenth National Bank pay them without a guaranty of the indorsements?

REPLY. Two general answers may be given. The Tenth National Bank could, on legal grounds, decline to pay on such indorsements, for they are irregular in several respects, as we shall soon show. Should the bank pay them is another question. This is a question of policy or business expediency, and not of law. If the bank knew that the transaction was all right, doubtless their payment would be the expedient thing. The irregularity of the indorsements is very evident. In the first place it is not clear to what Bank the Tenth National is to pay. The indorsement is, "For deposit in First Nat'l Bank," but there are many First National Banks in the country. This indorsement therefore is defective in not specifying

enough of the name of the bank to indicate clearly in which one the check is to be deposited, and which is authorized to collect it. Again, "John Brown" signs himself simply as ass't. treas. Such a signature is usually regarded as that of an individual, and the official designation is rejected as surplusage. Says Judge Bradley, speaking for the Supreme Court of the United States: "If a person merely adds to the signature of his name the word 'agent,' 'trustee,' 'treasurer,' etc., without disclosing his principal, he is personally bound. The appendix is regarded as a mere *descriptio personæ*. It does not of itself make third persons chargeable with notice of any representative relation of the signer." (*Metcalf v. Williams*, 104 U. S. p. 98.) Applying this rule, the indorsements on both checks were simply those of individuals. But if the Tenth National Bank knew that these indorsements were representative, that Messrs. Brown and Johnson usually indorsed the checks of their company in this manner, then the bank need not have hesitated to pay them without further proof or guaranty. If any authority is desired for this statement, the remarks of Judge Bradley in the case just mentioned may be added. He says: "If he be in fact a mere agent, trustee or officer of some principal, and is in the habit of expressing in that way his representative character in his dealings with a particular party who recognizes him in that character, it would be contrary to justice and truth to construe the document thus made and used as his personal obligation, contrary to the intent of the parties."

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Mar. 2..	\$413,001,200	\$86,266,500	\$35,527,800	\$438,095,000	\$4,323,900	\$12,270,550
" 9..	417,070,300	82,976,100	35,264,900	438,770,800	4,354,100	8,548,300
" 16..	420,406,000	83,417,500	35,324,600	442,684,900	4,283,200	8,070,875
" 23..	421,311,400	82,218,700	34,855,900	441,502,700	4,277,200	6,698,925
" 30..	421,023,200	80,521,700	34,412,600	437,936,700	4,292,900	5,450,125

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders	Deposits.	Circulation.
Mar. 2.....	152,308,900	9,477,900	4,997,900	128,544,300	3,023,700
" 9.....	152,524,700	9,737,500	4,662,500	128,757,300	3,032,700
" 16.....	152,043,600	9,530,100	4,791,400	130,486,600	3,032,900
" 23.....	152,739,200	9,635,000	5,000,700	129,870,800	2,925,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 2.....	\$93,546,000	\$26,524,000	\$94,207,000	\$2,316,000
" 9.....	94,117,000	26,262,000	93,504,000	2,316,000
" 16.....	94,439,000	26,777,000	94,945,000	2,317,000
" 23.....	94,391,000	26,669,000	94,397,000	2,314,000

BOOK NOTICES.

The Statesman's Year-Book. Statistical and Historical Annual of the States of the Civilized World for the Year 1889.—Edited by J. SCOTT KELTIE. London: Macmillan & Co. 1889.

This is the most valuable publication of the kind published in the English language. Mr. Keltie has proved to be a worthy successor of Martin in his best days. Its appearance is singularly prompt, considering the work needful to be done, and implies great editorial industry and the rapid assimilation of official statistics for the year, gathered from all parts of the world. The list of countries (with subjoined references to forms of government, population, revenue and expenditures, debts, commercial and industrial resources, and all else that a statesman or business man would care to know) occupies by itself ten pages. And it requires more than 1,000 pages to contain the highly condensed, but lucid information, which, but for such a work, would be sought for in vain among numerous reports and other publications. By the printer's consummate art, these treasures of knowledge are packed into a volume of moderate size, with large open type and legible figures, which it is a pleasure to consult. A work so ably edited and so serviceable in all respects, deserves to have reached its 26th annual issue.

Financial Review for 1889. William B. Dana & Co., publishers, 102 William street, New York.

This well-known annual is issued from the office of the *Commercial and Financial Chronicle*. It is a work of great value to business men for reference. Embraced in its contents are a comprehensive review for 1888, with statistical data; banking and financial affairs, domestic and foreign; trade and commerce, with comparisons of prices and movement of merchandise; the money market; gold and silver production; foreign exchange; investments and speculation; Government and State securities; railroads and railroad securities—and a variety of other matters.

An Investigation into the Causes of the Great Fall in Prices which took place Coincidentally with the Demonetization of Silver by Germany. By ARTHUR CRUMP. London: Longmans, Green & Co. 1889.

This is a difficult book to describe in a few sentences. The writer says that "one of the great difficulties which has troubled investigators, in connection with this question, is that of proving to what extent the volume of actively circulating currency has actually increased or diminished, and to what extent changes in prices can be ascribed to those fluctuations. When prices have moved either way, it has been assumed that the quantity of metal currency has increased or diminished to an extent sufficiently to account for the movement in prices; but no attempt to demonstrate such a

proposition by verified data has ever been made, so far as we know. At best it has only been an inference, and we are of opinion that it can only be an inference, owing to the intangible nature of the data necessary, on the currency side, to enable a complete demonstration to be arrived at. The demonstration on the other side, by means of the verifiable data outside currency influences, can be rendered sufficiently complete to justify the investigator in coming to the conclusion that, although currency influences exercised some influence in the present case, it was practically immaterial. This is our view, in fact, of the lines upon which an investigation should be undertaken, and upon which we think it can be satisfactorily carried through. We are further of opinion that what has come to light since this matter first came up for discussion, now already some years ago, satisfactorily establishes the fact that an investigation on such lines will yield the desired solution, while no other can. The object of this investigation is to show that there was no scarcity of gold, but rather the contrary; and further, to demonstrate by positive evidence that prices fell owing to causes outside currency influences."

What, then, are these influences? Mr. Crump seems to think the most potent one is the use of machinery in production, together with improved facilities for transportation. More stress, however, is put on the causes which have operated to lessen the use of gold, thereby preventing a rise in its value. These causes are well explained by the author, and considerable evidence is produced to strengthen his positions. A consideration of these, in truth, is the most important feature of his work.

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:	Mar. 4.	Mar. 11.	Mar. 18.	Mar. 25.
Discounts	5 @ 6 ..	5½ @ 6½ ..	5½ @ 6½ ..	5½ @ 6½
Call Loans	3 @ 1½ ..	3 @ 2¼ ..	2½ @ 2 ..	6 @ 2½
Treasury balances, coin.....	\$150,847,562 ..	\$151,177,452 ..	\$151,823,915 ..	\$152,019,545
Do. do. currency.....	17,136,592 ..	16,951,070 ..	16,937,030 ..	17,018,356

Sterling exchange has ranged during March at from 4.88½ @ 4.89 for bankers' sight, and 4.85¼ @ 4.86½ for 60 days. Paris—Francs, 5.18½ @ 5.15½ for sight, and 5.20 @ 5.18½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86¼ @ 4.86½; bankers' sterling, sight, 4.88¼ @ 4.89. Cable transfers, 4.89½ @ 4.89¾. Paris—Bankers' 60 days, 5.18¼ @ 5.18½; sight, 5.16¼ @ 5.15½. Antwerp—Commercial, 60 days, 5.22½ @ 5.21½. Reichmarks (4) — bankers', 60 days, 95½ @ 95¼; sight, 95½ @ 95¼. Guilders—bankers', 60 days, 40½ @ 40¼; sight, 40¾ @ 40⅞.

BANKING AND FINANCIAL ITEMS.

CHATTANOOGA, TENN.—A little more than two years ago the City Savings Bank of Chattanooga was organized, with G. W. Thompson as president, G. H. Jarnagin as vice-president, and Chas. E. Stivers as cashier. There has been no change in the officers except in the presidency, which was caused by the resignation of Mr. Thompson, who moved to Tacoma, Washington Territory, over a year ago. His place was filled by Mr. I. B. Merriam, who is known to be one of the most careful and conservative business men in the city. At the last meeting, the excess of resources above all liabilities was given as \$215,879.74, which is an excellent showing for so young an institution. The capital is \$200,000.

NEW YORK.—One of the boldest bank thieves recently arrested is Charles O'Connor, otherwise known as Henry F. Harding, Harry Brown, and Long Seymour. He is only twenty-two years old, but he is considered by the police one of the boldest "bank sneaks" that has appeared in a long time, and as a jail breaker he surpasses all the Jack Sheppards of old. In the morning of September 20, last, he took \$2,000 in bills from the money drawer directly in front of the cashier of the Fifth National Bank, and got away with it without any trouble. The same day, in the afternoon, he reached over a high railing in front of the cashier of the Commercial National Bank, and picked up \$8,500. He left the bank on a run, and was chased by a large crowd. He would have gotten away all right, as he could easily outfoot any ordinary runner, but he fired three shots at the crowd, and this attracted the attention of the police, and led to his capture. All the stolen money was found in a small bag strapped to his back. When O'Connor was taken to the court for trial, while waiting in the pen, he pried off a heavy wire screen on the window and escaped with John Kenny, a murderer. He was traced to Chicago, and from there to Canada, where he played his favorite trick at the Bank of Quebec, and stole \$8,500 in bills. Afterward he went to Philadelphia, where he made himself known to a "crook," who betrayed him to the police.

SOUTH BROOKLYN.—The want of an institution of the kind has long been felt by the business men of the neighborhood, the Sprague National Bank, on Atlantic and Flatbush avenues, being the only one within a considerable distance. The stock of the new bank will be about evenly divided between down-town capitalists and prominent business men of South Brooklyn. Among the gentlemen interested in the investment are Edwin Packard, president of the Franklin Trust Company; Crowell Hadden, vice-president of the Brooklyn City Railroad; Samuel Van Wyck, president of the Lafayette Insurance Company; George H. Southard, Secretary of the Franklin Trust Company; Albert B. Wells, the well-known capitalist; John Delmar, ex-Supervisor Edward Egolf, R. A. Kimball, the real estate agent; Alexander G. Calder and Hagerdorn & Squance, builders; ex-Alderman James Weir, the Fulton street florist; Charles Tandy, marble contractor, of Greenwood; Frank A. Selle, undertaker; J. W. Kimball, druggist, and John McCormick, dry goods, of Fifth avenue, near Ninth street.

PENNSYLVANIA TAXES ON LOANS.—The Philadelphia *Press* says of the decision rendered a few days ago in reference to the State tax laws: "The decision rendered by the State Supreme Court on Monday, reversing Judge Simonton in the Delaware Division Canal Company and other corporate loan tax cases, will put the State in possession of several hundred thousand dollars, covering two years' taxes which have been held back awaiting a decision on the constitutionality of the loan tax provisions in the Revenue Act of 1885. This act provides that all ordinary mortgages, notes, bonds, etc., shall be taxed 'at the rate of three mills on the dollar of the value thereof.' It provides further that the treasurers of corporations doing business in this State shall assess a tax of three mills 'upon the nominal value of each and every evidence of debt' issued to and held by residents of this Commonwealth. As there is often a great difference between the nominal and par value of

loans, Judge Simonton held that the tax was unconstitutional, because levied on the market value of mortgages and bonds owned by individuals, while it is levied on the par value of mortgages and bonds owned by corporations, contrary to the provision of the Constitution that 'all taxes shall be uniform on the same class of subjects.' The State Supreme Court does not see any lack of uniformity in this mode of assessment."

LAFAYETTE, INDIANA.—Among the bankers in this State who have lately died, should be mentioned Hiram W. Chase, who drafted the first law in Indiana relating to savings banks. In 1869 he was largely instrumental in organizing the Lafayette Savings Bank. He was trustee of the bank for a number of years, and on January 5, 1880, he was made its president, continuing as such until relieved by death. The bank met with remarkable success under the direction of Mr. Chase and the secretary and treasurer, Mr. Charles S. Warner, its resources at this time aggregating more than three-quarters of a million dollars. The *Lafayette Daily Courier*, from which we have taken these particulars, also adds: "Mr. Chase's probity was proverbial, both in law and finance. His impulses were earnest and honest, and his judgment sound. He was among the ablest and most trustworthy lawyers of Lafayette, and enjoyed a large and lucrative practice."

CINCINNATI.—The Cincinnati *Commercial Gazette* not long since gave an interesting description of the Lafayette National Bank of that city, from which we make some extracts: "The Lafayette National Bank is one of the landmark institutions of Cincinnati. And Mr. Henry Peachey, its vice-president, is one of the landmark bankers of the city. The bank has come down to us from the early part of the century, and almost everything connected with it has passed into history, except its building and its vice-president. To speak of the one immediately calls to mind the other. Mr. Peachey has been there fifty years, and the bank itself has only existed five years longer than that. Through all the changes of the years they have remained the same—the building showing as many marks of age as Mr. Peachey himself. It derived its name from the strong admiration of Mr. George Graham, one of its founders, for General Lafayette. Mr. Graham procured a close or special charter for it under the name of the Lafayette Bank, on the 1st of January, 1834. Its capital stock was \$1,000,000, and at that time Cincinnati had thirty-five thousand inhabitants and five banking institutions—the Lafayette, the Commercial, the Franklin, the Bank of the Miami Exporting Company and the Ohio Life Insurance and Trust Company's Bank, of which S. P. Bishop, of the Cincinnati Safe Deposit Company, was cashier. The three first alone remain. In its long career many of the most distinguished men of the city have been connected with it. During Mr. Peachey's long connection with the bank its character has changed several times. In January, 1854, the old special charter was given up and the bank was organized as a copartnership with Mr. George Carlisle, the last president under the old régime, at the helm. It continued as a copartnership until 1866, when it was reorganized under the independent banking law of Ohio. It was again changed to a copartnership in 1871. Finally, in 1879, it became the National Lafayette and Bank of Commerce. During these changes the capital stock has varied considerably from the \$1,000,000 with which it was started. At present it is \$600,000, with a surplus of \$400,000."

PEORIA, ILL.—It is a cause for rejoicing that, amid so much talk of small profits and losses, that the banking institutions of the country have been so prosperous. Among them we notice that the Central National Bank of Peoria has enjoyed its full measure of prosperity.

TEXAS.—The bankers of Texas are among the most energetic in the country. And they also have one of the most effective bank associations. Not long since we had occasion to look over the very interesting proceedings of the fourth and last convention which was held at Galveston. One of the speakers, Mr. J. E. McAshan, of Houston, remarked that 'the tendency in all great commercial nations is to a lower and lower state of interest, thus reducing the already narrow margin of profit in banking or traffic in money. The reason of this is because the volume of money increases faster than the volume of population. It is estimated that since the resumption of specie payments, nine years ago, the population of the United

States has increased about twenty-eight per cent., while in the same period the volume of money in this country, outside the Treasury, expanded about seventy per cent. The result is a great reduction of the rate of interest throughout the United States." He might also have added that, through the multiplying of banks, money circulated more rapidly than formerly, and this increased use also affects the rate of interest.

THE CHECK SYSTEM IN GERMANY.—Germany is far behind most of the European countries in regard to the legislation affecting checks. The origin of the check dates back from the latter end of the sixteenth century, when the Dutch merchants confided their money to "Public Cashiers," and on whom they drew by letters. In Germany both checks and warrants have been let severely alone by legislation, and all attempts by commercial and banking interests to have the checks placed on firm legal ground have so far been fruitless. It was objected that this method of payment would have to be further developed before legislation could take hold of it. The Brunswick Chamber of Commerce brought about a convention of delegates from the other Chambers in 1879, and German Juriconsuls moved in the matter, but the question of the precise legal standing of the check still remains an open question. In fact, the legal decisions relating to it have been as various as the ideas with regard to its nature. Two very essential protectives of the check are lacking in German law—as in the case of protested notes. The limit for the presentation of a check is not legally fixed, but in trade eighty days is the period universally adopted. The agitation of the question promises to bring about practical results shortly.—*The Financier*.

NEW YORK CITY.—The Bank of North America, of which William Dowd is president, took advantage of the half-holiday recently to move into its new quarters at Nassau and Cedar sts. The rooms are large and light, the fittings handsome and the vaults secure. Mr. Dowd told callers that the bank had the best offices in the town.

VERMONT.—The National Bank of Newbury, at Wells River, George Leslie, cashier, has one of the finest banking buildings in Vermont. Built of brick, two stories, with French roof and finished in hard woods, with directors' rooms and other necessary adjuncts, this time-honored institution, incorporated nearly sixty years ago (1832), is regarded as one of the soundest as well as the ablest managed in the State of Vermont.—*Boston Commercial Bulletin*.

RANDOLPH, MASS.—A co-operative bank has been organized at Randolph, under the direction of Secretary Eldridge, of the Pioneer Bank of Boston. It is called the Randolph Co-operative Bank. The Savings Bank Commissioners' reports show the following statistics of all the co-operative banks in Massachusetts up to Nov. 1, 1888: Total number of shares now in force, 184,598; number of members, 27,943; number of borrowers, 4,870; total assets, \$5,505,112; increase of assets over previous year, \$1,293,163.

LONG ISLAND.—Surrogate Tuthill has issued a citation for the probate of the will of M. W. Merriam, the eccentric Suffolk County schoolmaster, who willed his property in bulk to the U. S. Government. The executor, C. B. Ackerly, in searching the assets, found \$81,000 in Merriam's room in Northport. It was tucked away in old letters, books, and corners of old trunks and valises. It is thought that when his money is all got together it will amount to more than \$100,000. He has a sister who is said to be worth \$500,000. One reason he gave for willing his money to the Government was that it was rich and could afford to fight his sister if she attempted to contest the will.

CINCINNATI.—Notices of the hundred per cent. assessment on the Fidelity stockholders have been issued. The amount is to be paid in four equal installments. Twenty-five dollars a share must be paid within thirty days after the 20th, twenty-five dollars within sixty days, twenty-five dollars within ninety and twenty-five dollars within 120. There are generally only two installments in such assessments, but upon a special recommendation from the Receiver the ninety and 120 days were added.

PHILADELPHIA.—The annual report of the Philadelphia Saving Fund, now in its seventieth year—it was founded in 1819—has some figures showing that both boys

and girls take part in its useful work. Thus, of its 28,925 depositors, who opened accounts in the year 1888, almost equally men and women—14,296 and 14,629 being their respective proportions—there were 607 boys without special employment and 268 girls designated in the same way. These 875 minors represent presumably those who made the smallest single deposits, from one to ten dollars, of which there were 32,592. It would be of interest, and it might be of value, to learn from the reports of the Western Saving Fund, the vigorous younger institution, how far it also helps boys and girls in like lessons of thrift. Then, too, the public might learn how best to introduce on a larger scale the penny saving funds organized in Europe as a most useful form of charity, and here put in practice on a small scale. If the same proportion holds good, out of the 120,826 depositors on January 1, 1888, about 3 per cent. ought to be minors, making 3,624, who, with the 875 minors who opened accounts during 1888, would represent a very fair percentage of those learning to save. Over 42,000 depositors had sums not exceeding \$50 out of the total of \$120,826 on January 1, 1888. The Philadelphia Saving Fund received and paid out last year between eight and nine million dollars, and at the beginning of this year had over thirty millions on deposit and over 126,000 depositors, so that it has quite enough work on hand to attend to. None the less it is plain that there is room and need for an expansion of the work done by the Philadelphia Penny Saving Fund, either by supplying it with funds or by establishing kindred societies throughout the city. The old saving funds were organized as useful helps to the poor in teaching them how and where to save their money, and their work has been admirably done for many years. At the outset their expenses were defrayed by a few benevolent and public-spirited citizens, and now all surplus is accumulated as a contingent fund to protect depositors against possible losses, for there are no stockholders to share profits.—*Public Ledger*.

CHINESE RAILWAYS.—The Hong Kong and Shanghai Bank is reported to have made a loan of £450,000 at 5 per cent. to the Chinese Government, for the purpose of constructing the railway line from Tientsin to Tungchow, close to Peking, and the Viceroy of Canton has given a Chinese syndicate permission to run steamers on the West, or Canton River.

SUMTER, S. C.—The capital stock of the Simonds National Bank, of which Dr. Andrew Simonds is president, is in a flourishing condition. He is the well-known president of the First National Bank of Charleston. The capital of this bank at Sumter has been recently increased to \$75,000.

MARYLAND.—Havre-de-Grace has recently lost Mr. Arthur Vosbury, the first president of the First National Bank of that place. The *Baltimore American* says of him that he "was a good citizen, foremost in every enterprise which tended toward the advancement of the interests of this section. He was firm in character, unbiased in judgment, and of unswerving integrity."

BALTIMORE.—The Old Town Bank sends out a good record with a capital of \$150,000, and a surplus of \$80,000.

TRANSPORTATION OF GOVERNMENT MONEYS.—The bids for transporting the moneys and securities of the Government have been opened. Only two were received, one from the Adams Express Company, which holds the present contract for the service, and the other from the United States Express Company. The former proposed to continue the service at the present rates, except in the case of gold and silver coin, where reduced rates are offered. The proposed rate for the transportation of gold coin is 17-100 of a cent per mile per \$1,000, and for silver coin 4-10 of a cent per mile per \$1,000.

THE GOLD EXPORTS from South Africa (Cape Town and Natal) for January, 1889, aggregated \$592,000, or more than for any month as yet in the history of that quarter of the commercial world. At that rate the exportation for 1889 will reach \$7,100,000. We hope this promising start for January may be maintained, for the gold is specially needed.—*Financial and Mining Record*.

NEW YORK CITY.—In the organization certificate of the New York Security and Trust Company, its capital stock is stated as \$1,000,000. The members are Charles S. Fairchild, of Cazenovia; William L. Scott, of Erie, Penn.; James J. Hill, of St. Paul, Minn., and William H. Appleton, Loomis L. White, William

L. Strong, William F. Buckley, Christopher C. Baldwin, Stuart G. Nelson, Hudson Hoagland, William Woodward, jr., William A. Booth, Roswell P. Flower, James Stillman, William H. Tillinghast and William H. Beers, of this city. The capital has been subscribed several times over, in anticipation of its success. The president of the company is ex-secretary of the Treasury, Fairchild.

The Mechanics' and Traders' Bank, situated for thirty years on Norfolk street, and for another thirty years at 153 Bowery, has just sold its bank building at a profit of \$40,000, and removed to a leased building at 486 Broadway, corner of Broome. This bank belonged to the State system until 1865, when it took a national charter, under which it continued until 1884, when it once more adopted the State system. Since it came under the control of the present management, in 1884, its deposits have increased from \$878,530 to \$2,613,000, its discounts from \$813,030 to \$2,376,000, dividends from 6 to 10 per cent. per annum, surplus from \$31,000 to \$194,000, and the value of its stock from \$25 to \$180 per share. Mr. M. Thalmessinger, who has ably filled the position of president while this rapid progress has been made, and Mr. Baltes, who has been connected with the bank in various capacities for the last twenty-five years, and who is now its cashier, both continue to devote their energies to the further success of the institution. The board of directors is unusually strong and active, and represents a great variety of important commercial interests.

SOUTH AMERICA AS A BANKING FIELD.—At a meeting of the Business Men's Republican Association of New York, W. H. T. Hughes, of the Ward Steamship Line, read a paper on the desirability of developing trade between the United States and South America. Among other things he said: Let Congress give a special charter for a bank, with a capital sufficient to enable it to have agencies in all the principal cities of Central and South America, this being a requisite of the charter, and, if necessary, let us guarantee this bank three, four, or even five per cent. on its capital, which should not be less than \$10,000,000, to enable it to do the business that would be required of it. The capital of the banks engaged in this South American business in London alone far exceeds any such amount as I have named, and all of them are to-day doing a profitable business. Take, as an instance, the London and River Plate Bank, Limited, in London, whose business is exclusively with the Argentine Republic, having branch banks in Montevideo, Buenos Ayres, Rosario de Santa Fe and Cordova, which, during this last fiscal year, paid the stockholders fifteen per cent., besides passing a round amount to its reserve fund. And this is only one of several banks in London devoted to the business between Great Britain and the Argentine Republic.

NORTH TEXAS.—Among the many enterprising banks in Texas is the North Texas National Bank. With a capital of \$500,000 and a surplus of \$50,000, its total resources are \$1,102,727. We rejoice in its many signs of prosperity.

SAMUEL SPENCER, who succeeded Robert Garrett as president of the Baltimore & Ohio Railroad, and was forced from the position at the last election, joined the famous banking house of Drexel, Morgan and Co. recently. The large business of the firm in the line of railroad reorganizations had made it necessary to get the best expert knowledge on railroad affairs. The selection of Mr. Spencer is regarded as a compliment to him, while it undoubtedly gives the firm the advantage of having one of the ablest railroad experts in the country.

AUSTRIA.—One of the Austrian railroads which extends to the Russian (Polish) frontier has made a contract with a Vienna bank, by which, on shipments of Russian grain over the road, loans will be made equal to 80 per cent. of the market value of the grain at the time, 6 per cent. being charged for the loan. This is probably to offset similar action by Russian roads, which tends to divert shipments from Austrian lines. The first trial of the plan is to be made at Podwoloczyska. Those who have new stations to christen will make a note of the name.

THOSE UNFORTUNATE FRENCH SPOILIATION CLAIMS again go over. They are nearly a century old; Congress after Congress has in some way said they should be paid; quite recently some of them have been passed upon by the Court of Claims, their justice duly ascertained, and the amounts due calculated. The only thing that remains to be done is to make an appropriation for their payment, but

this Congress cannot be prevailed on to do. So the French Spoliation Claims go over again to a new Congress, as they have often done before. In the meantime, the United States does not appear in a good light in this matter. It has a surplus in the Treasury, and a debt of honor which it does not pay.

PHILADELPHIA.—The *Public Ledger* says: "As a tribute to the memory of its founder, the magnificent structure, occupied partly by the Keystone National Bank, on the southwest corner of Chestnut and Juniper streets, opposite the United States Mint, has been named 'The John C. Lucas Building.' A beautiful granite slab over the door leading to the elevator, at the entrance, makes this simple announcement, and the letters have also been cut on the stone forming the great thirteen-feet arch facing Chestnut street. Mr. Lucas, who died at Spring Lake, N. J., in August last, was a young man, not more than forty-one years of age, of remarkable business tact, and he was possessed of a fearlessness and energy which gained for him the confidence and support of his associates in whatever he undertook, of large or small concern. He had been president of the Keystone National Bank for ten years, a rather unusual thing for so young a man, and the erection and completion of the new building, which might furnish it a headquarters, was a matter in which he took personal interest and pride. He watched the building as it progressed under the guidance of the architect and builders, and hoped to see it, what it has since come to be—one of the architectural beauties of Philadelphia. Indeed, so closely did he superintend the details essential to the construction of a perfectly safe, substantial and creditable building, that he took cold on one occasion in passing suddenly from the heat of the upper stories of the rising structure to the dampness of the cellar; and that cold never left him. Thus his name became more closely linked to the building he had projected, and the fitness of raising that name over the entrance suggested itself. His physician, who was his friend, remarked, in this relation, 'I always feel that that building is Mr. Lucas's mausoleum.' The Keystone National Bank occupies the first floor and the other rooms, of which there are nearly one hundred, are rented out for offices."

DEATHS.

BULLOCK.—On March 8, aged fifty-eight years, GEORGE BULLOCK, President of the First National Bank, Conshohocken, Penn.

DERBY.—On March 12, aged thirty-six years, JOSEPH W. DERBY, Cashier of Central National Bank, Boston, Mass.

EDGE.—On March 13, aged eighty-one years, JACOB EDGE, President of the Downingtown National Bank, Downingtown, Pa.

ERB.—On March 7, L. G. ERB, Cashier of First National Bank, La Porte, Ind.

JONES.—On March 14, aged eighty years, ALEXANDER JONES, President of Broadway Savings Bank, Baltimore, Md.

MAJOR.—On March 25, ALFRED MAJOR, Vice-President of the First National Bank, Shelbyville, Ind.

MOREHEAD.—On February 27, aged forty-four years, EUGENE MOREHEAD, of the firm of Eugene Morehead & Co., Durham, N. C.

PEDEN.—On January 12, aged fifty-six years, C. W. PEDEN, Cashier of Mechanics' Savings Bank and Trust Company, Nashville, Tenn.

SCHWENK.—On March 5, aged sixty-four years, JACOB G. SCHWENK, President of the National Bank of Schwenksville, Schwenksville, Penn.

VOSBURY.—On February 18, ARTHUR VOSBURY, President of the First National Bank, Havre de Grace, Md.

WALLACE.—STEPHEN D. WALLACE, Cashier of Bank of New Hanover, Wilmington, N. C.

YOUNG.—On March 22, COE F. YOUNG, President of the Honesdale National Bank, Honesdale, Penn.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 715.)

	Bank and Place.	Elected.	In place of.
N. Y. CITY...	Fourth National Bank....	J. A. Hiltner, <i>Ass't Cas.</i>	.....
" ..	Homestead Bank.....	E. L. Striker, <i>P.</i>.....	.....
" ..	Merchants National Bank.....	Horace B. Russ, <i>V. P.</i>.....	.....
" ..	Consolid'd B. of Tucson, Tucson.	Peter Suau, <i>Cas.</i>.....	.....
ARIZ....	Amer. Nat. Bank, Fort Smith..	J. G. Baldwin, <i>Ass't Cas.</i>	A. L. McDonald.
" ..	Dardanelle Bank, Dardanelle.	D. Henderson, <i>Cas.</i>	M. P. Freeman.
" ..	Green Co. Bank, Paragould....	Fred. Titgen, <i>Ass't Cas.</i>	Russell Myrick.
" ..	First Nat. Bank, Modesto.....	James K. Perry, <i>P.</i>	J. E. Hart.
" ..	San Bernardino Nat. Bank, San Bernardino.	G. S. Cunningham, <i>V. P.</i>	.....
" ..	Consolidated N. B., San Diego.	C. L. Pyle, <i>Cas.</i>	Joe A. Manry.
CAL....	German Nat. Bank, Denver....	O. McHenry, <i>Ass't Cas.</i>	.....
" ..	State Nat. Bank, Denver.....	Seth Marshall, <i>V. P.</i>	A. H. Hart.
" ..	First National Bank, Durango.	W. S. Hooper, <i>Cas.</i>	Edgar H. Morse.
" ..	Glenwood National Bank, Glenwood.	J. H. Barbour, <i>V. P.</i>	E. W. Morse.
" ..	Trinidad Nat. Bank, Trinidad.	J. I. Riethman, <i>V. P. & A. C.</i>	.....
CONN...	Mech. & Farm. S. B., Bridgep't.	E. E. Quentin, <i>Ass't Cas.</i>	Wm. P. Vaile.
" ..	Yale Nat. Bank, New Haven....	A. P. Camp, <i>P.</i>	Chas. Thurlow.
" ..	Fairfield Co. Nat. B., Norwalk.	J. L. McNeil, <i>V. P.</i>	C. M. Williams.
" ..	City Nat. Bank, South Norwalk.	Wm. P. Vaile, <i>Cas.</i>.....	.....
" ..	First National Bank, South Norwalk.	Wm. Gilder, <i>P.</i>	John L. McNeil.
" ..	First Nat. Bank, Bismarck....	C. H. Toll, <i>V. P.</i>.....	.....
" ..	First Nat. Bank, Casselton....	W. J. Miller, <i>Cas.</i>	C. N. Greig.
" ..	Bank of Clear Lake, Clear Lake.	G. B. Ganison, <i>A. Cas.</i>	.....
" ..	North Dak. L. & T. Co., Jamest'n.	W. Q. Burnam, <i>A. Cas.</i>	.....
" ..	First Nat. Bank, Park River....	D. N. Morgan, <i>P.</i>	Andrew Burke.
" ..	First Nat. Bank, Parker.....	S. E. Merwin, <i>P.</i>	F. S. Bradley.
" ..	First Nat. Bank, Pierre.....	L. C. Green, <i>Act'g Cas.</i>	.....
" ..	Bank of Pukwana, Pukwana....	R. H. Rowan, <i>P.</i>	T. Baker.
" ..	First Nat. Bank, Gainesville...	Russell Frost, <i>V. P.</i>.....	.....
" ..	Merchants Bank, Pensacola...	Chas. E. Ferris, <i>Cas.</i>	J. J. Millard.
GA....	Traders Bank, Atlanta.....	Geo. H. Fairchild, <i>P.</i> ...	Asa Fisher.
" ..	Chattahoochee N. B., Columbus.	M. A. Baldwin, <i>V. P.</i> ...	A. F. Neyhart.
" ..	First Nat. Bank, Dalton.....	A. D. Williams, <i>Cas.</i> ...	T. F. Hanly.*
" ..	First Nat. Bank, Hailey.....	Gilbert A. Pierce, <i>Treas.</i>	.....
" ..	First Nat. Bank, Ketchum....	Geo. E. Towle, <i>A. Cas.</i>	.....
" ..	First Nat. Bank, Lewiston....	G. A. Archer, <i>V. P.</i> ...	Geo. W. Stone.
" ..	First Nat. Bank, Pierre.....	A. O. Cummins, <i>V. P.</i>...	.....
" ..	Bank of Pukwana, Pukwana....	L. M. Taft, <i>Cas.</i>	W. M. Pratt.
FLA....	First Nat. Bank, Gainesville...	E. E. Voyle, <i>Ass't Cas.</i>	.....
" ..	Merchants Bank, Pensacola...	W. K. Hyer, Jr., <i>Cas.</i>	.....
GA....	Traders Bank, Atlanta.....	Jas. R. Wylie, <i>P.</i>	C. C. McGehee.
" ..	Chattahoochee N. B., Columbus.	A. S. Mason, <i>Ass't Cas.</i>	.....
" ..	First Nat. Bank, Dalton.....	T. R. Jones, <i>V. P.</i>	John Bryant.
IDAHO..	First Nat. Bank, Hailey.....	John M. Kinneary, <i>V. P.</i>	.....
" ..	First Nat. Bank, Ketchum....	A. W. Comstock, <i>Act'g C.</i>	.....
" ..	First Nat. Bank, Lewiston....	A. W. Krontinger, Jr., <i>A. C.</i>	.....
" ..	Lewiston Nat. Bank, Lewiston.	I. Alexander, <i>V. P.</i> ...	D. D. Bunnell.
ILL....	First Nat. Bank, Canton.....	R. B. Underwood, <i>P.</i> ...	G. Barrere.
" ..	Drovers Nat. Bank, Chicago....	John Brown, <i>V. P.</i> ...	Levi B. Doud.
" ..	Lincoln National Bank, Chicago.	R. L. Dakin, <i>V. P.</i> ...	E. Hammett.
" ..	Nat. Live Stock Bank, Chicago.	Peter Dudley, <i>Cas.</i>	R. L. Dakin.
" ..	S. A. Kean & Co., Chicago.	Samuel M. Nickerson, <i>V. P.</i>	.....
" ..	Tazewell Co. N. B., Delavan..	Geo. B. Warne, <i>Cas.</i>...	.....
" ..	First Nat. Bank, Fairburg....	Herbert Hammond, <i>A. C.</i>	.....
" ..	Griggsville N. B., Griggsville..	Martin Kingman, <i>P.</i> ...	Erastus S. Hobart.
" ..	Griggsville N. B., Griggsville..	J. V. McDowell, <i>Ass't C.</i>	.....
" ..	Griggsville N. B., Griggsville..	John S. Felmley, <i>Ass't C.</i>	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ILL....	First Nat. Bank, Hoopeston...	P. M. Ferren, <i>V. P.</i> ...	John Green.
"	La Salle Nat. Bank, La Salle...	F. B. Blish, <i>Ass't Cas.</i> ...	
"	German-American N. Bank, Pekin.	E. W. Wilson, <i>P.</i> ...	Henry Feltman.
"	Quincy National Bank, Quincy.	A. Behrens, <i>V. P.</i> ...	E. W. Wilson.
"	First National Bank, Springfield.	J. H. Duker, <i>P.</i> ...	Julius Kesphol.
"	First National Bank, Springfield.	C. U. Colburn, <i>V. P.</i> ...	J. H. Duker.
"	Illinois Nat. Bank, Springfield.	Geo. Pasfield, <i>ad V. P.</i> ...	
"	Farmers Bank, Yates City.....	Chas. L. Abell, <i>Ass't Cas.</i> ...	
IND....	Franklin Nat. Bank, Franklin...	H. B. Prentice, <i>Ass't Cas.</i> ...	
"	First Nat. Bank, La Porte.....	S. C. Ranson, <i>Cas.</i>	L. F. Wertman.
"	First N. B., North Manchester.	W. H. Lagrange, <i>V. P.</i> ...	J. C. Smith.
"	Citizens Bank, Rochester.....	R. E. Morrison, <i>Cas.</i>	L. G. Erb.
"	First Nat. Bank, Shelbyville.....	Ruskin Arnold, <i>Ass't Cas.</i> ...	
"	First Nat. Bank, Terre Haute.....	E. L. Zeis, <i>Cas.</i>	C. B. McConnell.
"	Commercial Bank, Union City.	John Elliott, <i>V. P.</i>	Alfred Major.*
"	First Nat. Bank, Vevay.....	F. Teel, <i>Ass't Cas.</i>	
"	First Nat. Bank, Wabash.....	Wm. Kerr, <i>P.</i>	J. R. Jackson.
"	First Nat. Bank, Carroll.....	J. P. Tandy, <i>V. P.</i>	
LOWA	Charles City N. B., Charles City.	Neil Lumaree, <i>Ass't Cas.</i> ...	
"	First Nat. Bank, Charles City.	G. W. Wattles, <i>V. P.</i>	
"	Clarinda Nat. Bank, Clarinda.	Geo. E. Dexter, <i>V. P.</i>	
"	Capital City State Bank, Des Moines.	S. B. Hall, <i>Ass't Cas.</i>	
"	Citizens Nat. B., Des Moines.	A. Nienstedt, <i>V. P.</i>	W. W. Morseman.
"	First Nat. Bank, Independence.	A. Holland, <i>P.</i>	A. W. Naylor.
"	Farmers Bank, Jesup.....	Wm. R. Ankeny, <i>V. P.</i> ...	Geo. Lendrum.
"	First Nat. Bank, Le Mars.....	J. H. Merrill, <i>P.</i>	Samuel Merrill.
"	Farmers & Traders Bank, Malvern.	R. M. Campbell, <i>ad V. P.</i> ...	
"	Commercial Savings Bank, Milford.	James Dalton, <i>Cas.</i>	S. L. Clark.
"	Exchange Bank, Morning Sun.	J. W. Myers, <i>V. P.</i>	
"	Ottumwa National Bank, Ottumwa.	E. Marion Evans, <i>P.</i>	
"	First Nat. Bank, Pella.....	Wm. M. Evans, <i>Cas.</i>	
"	First Nat. Bank, Perry.....	J. A. Ellis, <i>Cas.</i>	W. M. Smith.
"	First National Bank, Sheldon.	E. E. Hall, <i>Ass't Cas.</i>	
"	First Nat. Bank, Webster City.	J. Davison, <i>P.</i>	
KAN....	Arlington State Bank, Arlington.	E. L. McClurkin, <i>Cas.</i>	W. H. Straney.
"	Baldwin City Bank, Baldwin.	J. B. Mowrey, <i>P.</i>	Jos. G. Hutchinson.
"	First Nat. Bank, Chanute.....	J. T. Hackworth, <i>V. P.</i> ...	Jno. C. Jordan.
"	First Nat. Bank, Dighton.....	N. L. Cassatt, <i>Ass't Cas.</i> ...	
"	First Nat. Bank, Hill City.....	Allen Breed, <i>V. P.</i>	
"	Bank of Hollyrood, Hollyrood.	Chas. S. McLaury, <i>P.</i> ...	Geo. W. Schee.
"	First Nat. Bank, Holton.....	Frank Frisbee, <i>V. P.</i> ...	J. E. Van Patten.
"	Hoxie State Bank, Hoxie.	W. M. Smith, <i>Cas.</i>	Chas. S. McLaury.
"	Manufacturers N. B., Leavenworth.	P. M. Banks, <i>Ass't Cas.</i> ...	
"	Jewell Co. Nat. Bank, Mankato.	H. C. Warner, <i>P.</i>	A. B. Crabbs.
"	International B., McPherson.	A. B. Crabbs, <i>Cas.</i>	Chas. E. Ford.
"	Citizens National Bank, Medicine Lodge.	S. R. Humphrey, <i>Cas.</i> ...	J. F. Preshaw.
"	First Nat. Bank, Ness City.....	H. B. Tapping, <i>A. Cas.</i> ...	
"	First Nat. Bank, Oberlin.....	F. W. Jefferies, <i>V. P.</i> ...	E. E. Ward.
"	First Nat. Bank, Pratt.....	Thos. R. Maxen, <i>V. P.</i> ...	J. J. Shaffer.
"	Pratt Co. Nat. Bank, Pratt.....	W. E. Carter, <i>Ass't Cas.</i> ...	
"	First Nat. Bank, St. Mary's.....	Byron L. Church, <i>P.</i>	M. P. Westfall.
"	First Nat. Bank, St. Johns.....	F. G. Moore, <i>Ass't Cas.</i> ...	
"		E. H. Lupton, <i>Cas.</i>	J. R. Reed.
"		E. D. Worthen, <i>A. Cas.</i> ...	Geo. W. Crane.
"		J. C. Lysles, <i>V. P.</i>	Geo. H. Hyde.
"		Virgil W. Keene, <i>V. P.</i> ...	
"		Geo. W. Lieber, <i>A. Cas.</i> ...	
"		M. A. B. Schwenson, <i>Act. C.</i> ...	
"		C. Q. Chandler, <i>P.</i>	Jos. W. McNeal.
"		C. B. Currie, <i>ad V. P.</i> ...	
"		J. P. Hall, <i>Ass't Cas.</i> ...	T. L. Lindley.
"		W. D. Miner, Jr., <i>V. P.</i> ...	Lewis Lombard.
"		R. A. Marks, <i>Cas.</i>	Geo. A. Metcalf.
"		C. C. Hopper, <i>V. P.</i>	H. W. Lewis.
"		W. F. Pitzer, <i>V. P.</i>	F. W. Scott.
"		James White, <i>P.</i>	Henry C. Linn.
"		Henry Rohr, <i>V. P.</i>	

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
KAN....	Smith Co. N. B., Smith Centre.	R. A. Chandler, <i>A. & A. C.</i>	.....
"	United States Savings Bank, Topeka.	W. E. Sterne, <i>V. P.</i>	.....
"	First National Bank, Wa Keeney.	J. D. Salmons, <i>Cas.</i>	Frank J. Brown.
"	Washington N. B., Washington.	Dwight Bannister, <i>V. P.</i>	L. E. Rogers.
"	Fourth Nat. Bank, Wichita.	E. W. Pristly, <i>Ass't Cas.</i>	H. O. Rogers.
"	Winfield Nat. Bank, Winfield.	John A. Brown, <i>V. P.</i>	Stephen Pichard.
"	Woodson National Bank, Yates Center.	E. R. Powell, <i>V. P.</i>	Geo. C. Strong.
"		J. W. McDonald, <i>V. P.</i>	.....
"		J. W. Depew, <i>Cas.</i>	Chas. S. Jones.
"		H. M. Follett, <i>Ass't Cas.</i>	J. W. Depew.
KY....	Warren Deposit Bank, Bowling Green.	C. G. Smallhouse, <i>P.</i>	.....
"	N. B. of Cynthia, Cynthia.	L. R. Porter, <i>Cas.</i>	C. G. Smallhouse.
"	First Nat. Bank, Hopkinsville.	W. T. McNeas, <i>V. P.</i>	.....
"	First Nat. Bank, Louisville.	W. A. Lowry, <i>V. P.</i>	G. W. Graves.
"	German Nat. Bank, Louisville.	A. V. du Pont, <i>V. P.</i>	Jno. H. Ward.
"	First Nat. Bank, Maysville.	R. E. Reutlinger, <i>A. Cas.</i>	.....
"	First Nat. Bank, Owenton.	A. Finch, <i>P.</i>	Jas. M. Mitchell.
"		J. P. Martin, <i>V. P.</i>	J. P. Martin, Sr.
MD....	Broadway Sav. B., Baltimore.	James Bates, <i>P.</i>	Alex. Jones.*
"	First Nat. B., Havre de Grace.	A. P. McCombs, <i>P.</i>	Arthur Vosburg.*
MASS....	Central Nat. Bank, Boston.	Otis H. Luke, <i>Cas.</i>	Joseph W. Derby.*
"	Franklin Sav. Bank, Boston.	Fred. W. Lincoln, <i>P.</i>	N. J. Bradlee.
"	Hamilton Nat. Bank, Boston.	Edward A. Strong, <i>V. P.</i>	.....
"	Haverhill Sav. B., Haverhill.	Fred. W. Coffin, <i>Treas.</i>	A. B. Jaques.
"	Merchants Nat. B., Lawrence.	W. E. Parker, <i>V. P.</i>	.....
"	Lynn Nat. Bank, Lynn.	A. B. Martin, <i>V. P.</i>	.....
"	Asiatic Nat. Bank, Salem.	Geo. H. Allen, <i>P.</i>	L. B. Harrington.
"	Worcester Nat. B., Worcester.	G. W. Mackintire, <i>A. Cas.</i>	E. O. Parker.
MICH....	First Nat. Bank, Calumet.	John S. Dymock, <i>V. P.</i>	Aaron F. Leopold.
"	Second Nat. Bank, East Saginaw.	Edward W. Glynn, <i>A. C.</i>	.....
"	Kent Co. Savings Bank, Grand Rapids.	John A. Covode, <i>P.</i>	Jos. Heald.*
"		Thos. J. O'Brien, <i>V. P.</i>	.....
"	Second Nat. Bank, Owosso.	W. D. Garrison, <i>V. P.</i>	Jas. Osburn.
"	Plymouth National Bank, Plymouth.	L. D. Shearer, <i>P.</i>	Theo. C. Sherwood.
"		E. C. Leach, <i>V. P.</i>	L. D. Shearer.
"	First Nat. Bank, Saginaw.	T. W. Stalker, <i>Cas.</i>	Smith Palmer.
"	First Nat. B., Sault Ste. Marie.	Henry W. Seymour, <i>V. P.</i>	.....
MINN....	Bell & Eysters Bank, Duluth.	Chas. E. DeWitt, <i>Cas.</i>	Wm. B. Bell.*
"	Fergus Falls, N. B., Fergus Falls.	Chas. A. Daley, <i>V. P.</i>	Jno. H. Allen.
"	Merchants Bank, Lake City.	W. T. Holmes, <i>P.</i>	G. H. Grannis.
"	Minnesota Valley Bank, Madelia.	Carlos N. Boynton, <i>P.</i>	C. D. Ash.
"		E. H. Bill, <i>V. P.</i>	.....
"	First Nat. Bank, Pipestone.	Chas. J. Cawley, <i>V. P.</i>	.....
"	German-Amer. N. B., St. Cloud.	Wm. Westerman, <i>V. P.</i>	John Cooper.
"	Commercial National Bank, St. Paul.	E. A. Hendrickson, <i>V. P.</i>	.....
"		O. T. Roberts, <i>A. Cas.</i>	.....
MISS....	First Nat. Bank, Natchez.	R. Lee Wood, <i>Ass't Cas.</i>	.....
"	Bank of Sardis, Sardis.	A. E. Tucker, <i>P.</i>	R. H. Taylor.
"	First Nat. Bank, Starkville.	W. H. Bardwell, <i>A. Cas.</i>	.....
MO....	Bank of Arrow Rock, Arrow Rock.	Abram Neff, <i>P.</i>	Jas. A. Marshall.
"	First Nat. Bank, Clinton.	Paul Tyler, <i>Ass't Cas.</i>	.....
"	First National Bank, Harrisonville.	H. B. Moody, <i>V. P.</i>	W. C. Christopher.
"		D. Miller, <i>Ass't Cas.</i>	W. J. Ford.
"	Commercial Bank, Kansas City.	Wm. H. Montgall, <i>V. P.</i>	.....
"		H. T. Hovelman, <i>Cas.</i>	.....
"	N. B. of Kansas City, Kansas City.	W. F. Sargent, <i>A. Cas.</i>	.....
"	German-Amer. N. B., Kan. City.	J. G. Strean, <i>Ass't Cas.</i>	H. C. Jay.
"	Union Nat. Bank, Kansas City.	F. P. Neal, <i>V. P.</i>	.....
"		John S. Pearson, <i>V. P.</i>	.....
"	Bank of Louisiana, Louisiana.	R. H. Goodman, <i>Cas.</i>	R. J. Hawkins.
"		Geo. E. Lynott, <i>A. Cas.</i>	.....
"	First Nat. Bank, Nevada.	H. P. Hildebrandt, <i>V. P.</i>	.....
"	Central Nat. Bank, Springfield.	J. R. Owen, <i>V. P.</i>	J. M. Doling.
"	Green Co. Bank, Springfield.	J. T. Keet, <i>P.</i>	E. T. Robberson.
"	Merchants Bank, St. Joseph.	A. W. McDonald, <i>A. Cas.</i>	T. B. Weakley.
MONT....	First National Bank, Great Falls.	A. E. Dickerman, <i>V. P.</i>	H. O. Chown.
"		D. L. Tracy, <i>Ass't Cas.</i>	A. E. Dickerman.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
MONT...	Montana National Bank, Helena.	L. G. Phelps, <i>V. P.</i>	A. G. Clarke.
" ..	Missoula Nat Bank, Missoula.	L. G. Phelps, <i>Act'g Cas.</i>.....	.....
NEB....	Exch. Bank of Thayer Co., Carleton.	Marcus Daly, <i>V. P.</i>	S. T. Hansen.
" ..	Commercial Bank, Columbus.	A. M. Dyer, <i>P.</i>.....	.....
" ..		H. M. Lichty, <i>Cas.</i>.....	.....
" ..		C. H. Sheldon, <i>P.</i>.....	.....
" ..		H. P. H. Orhrlrich, <i>V. P.</i>.....	.....
" ..		C. A. Newman, <i>Cas.</i>	Robt. Uhlig.
" ..		Daniel Schram, <i>Ass't Cas.</i>.....	.....
" ..	First Nat. Bank, Fairfield.....	J. Shively, <i>V. P.</i>	W. P. Aylsworth.
" ..	Exchange Nat. Bank, Hastings.	Chas. G. Lane, <i>Ass't Cas.</i>	J. C. McNaughton.
" ..	Neb. Loan & T. Co., Hastings.	A. L. Clarke, <i>P.</i>	Jos. B. Heartwell.
" ..	Holdrege National Bank, Holdrege.	F. Halgren, <i>V. P.</i>.....	.....
" ..		C. A. Conkey, <i>Ass't Cas.</i>.....	.....
" ..	Capital Nat. Bank, Lincoln....	H. J. Walsh, <i>V. P.</i>.....	.....
" ..	First Nat. Bank, Lincoln....	C. S. Lippincott, <i>ad A. C.</i>.....	.....
" ..	First Nat. Bank, McCook....	W. F. Lawson, <i>Cas.</i>	F. L. Brown.
" ..	Norfolk Nat. Bank, Norfolk...	W. L. Brewer, <i>Ass't Cas.</i>.....	.....
" ..	Mechanics & Traders Bank, Omaha.	Frank Barnard, <i>V. P.</i>	J. Fawcett.
" ..		O. H. Swingley, <i>Cas.</i>	Frank Barnard.
" ..	First Nat. Bank, Ponca.....	E. D. Higgins, <i>Ass't Cas.</i>.....	.....
" ..	Randolph State Bank, Randolph.	Chas. S. Whitham, <i>P.</i>.....	.....
" ..		J. D. Whitham, <i>V. P.</i>.....	.....
" ..		Paul Ruol, <i>Cas.</i>.....	.....
" ..	Schuyler Nat. Bank, Schuyler...	M. L. Weaver, <i>V. P.</i>	H. C. Wright.
" ..	First National Bank, Seward.	R. T. Cooper, <i>V. P.</i>	E. McIntyre.
" ..		H. W. Barkley, <i>Ass't Cas.</i>.....	.....
" ..	Carson Nat. B., South Auburn.	R. C. Boyd, <i>Ass't Cas.</i>.....	.....
" ..	St. Paul Nat. Bank, St. Paul....	A. U. Dann, <i>V. P.</i>	Lee Love.
" ..	First Nat. Bank, Stanton.....	Harry D. Miller, <i>Ass't Cas.</i>.....	.....
" ..	First National Bank, Superior.	C. E. Adams, <i>V. P.</i>	E. J. Adams.
" ..		L. Adams, <i>Ass't Cas.</i>.....	.....
" ..	Saunders Co. N. Bank, Wahoo.	J. J. Johnson, <i>Ass't Cas.</i>.....	.....
" ..	First National Bank, Wood River.	H. O. Gifford, <i>P.</i>	Henry Chamberlin.
" ..		Henry Chamberlin, <i>Cas.</i>	Walter Chamberlin
" ..	First Nat. Bank, York.....	F. Baldwin, <i>V. P.</i>.....	.....
NEV. ..	First National Bank, Winnemucca.	F. D. Sweetzer, <i>P.</i>	L. A. Blakeslee.
" ..		J. Sibbald, <i>V. P.</i>	F. D. Sweetzer.
" ..		F. H. Bacon, <i>Ass't Cas.</i>.....	.....
N. J....	Second Nat. Bank, Jersey City.	Theo. E. Bray, <i>V. P.</i>	J. J. Van Der Beek.
" ..	Nat. Iron Bank, Morristown...	Edmund D. Halsey, <i>V. P.</i>.....	.....
" ..	Passaic Nat. Bank, Passaic....	Jno. A. Willett, <i>V. P.</i>.....	.....
" ..	First National Bank, Washington.	Philip H. Hann, <i>P.</i>	A. J. Swayze.
" ..		Sam'l T. Smith, <i>V. P.</i>	Philip H. Hann.
N. MEX.	First Nat. Bank, Las Vegas....	A. B. Smith, <i>Ass't Cas.</i>	J. S. Pishon.
N. Y....	Franklin Trust Co., Brooklyn.	Geo. H. Southard, <i>V. P.</i>.....	.....
" ..	First National Bank, Fort Edward.	J. M. Northrup, <i>P.</i>.....	.....
" ..		T. J. Potter, <i>V. P.</i>	J. M. Northrup.
" ..	M'f's. & Merch. N. B. Gloversville.	M. V. B. Stetson, <i>Cas.</i>	Edward Wells.
" ..	Nat. State Bank, Oneida.....	Ambrose Hill, <i>V. P.</i>	W. A. Stone.
" ..	First National Bank, Watkins.	Wm. N. Love, <i>P.</i>	John Knight.
" ..		Adrian Tuttle, <i>V. P.</i>	Wm. N. Love.
" ..		D. C. Waddell, <i>P.</i>	J. P. Sawyer.
N. C....	Bank of Asheville, Asheville.	W. W. Barnard, <i>V. P.</i>.....	.....
" ..		Lawrence Pulliam, <i>Cas.</i>	D. C. Waddle.
" ..	Exchange Bank, Mt. Airy.	Winston Fulton, <i>P.</i>	J. M. Matthews.
" ..		M. D. Arnfield, <i>V. P.</i>.....	.....
" ..	Bank of New Hanover, Wilmington.	Wm. L. Smith, <i>Cas.</i>	S. D. Wallace.*
" ..		J. V. Grainger, <i>Ass't Cas.</i>.....	.....
OHIO...	City Nat. Bank, Canton.....	Jno. F. Reynolds, <i>V. P.</i>	Johnson Sherrick.
" ..	First Nat. Bank, Geneva.....	W. H. Munger, <i>P.</i>	S. Seymour.
" ..	First Nat. Bank, Kenton.....	Henry Born, Jr., <i>A. Cas.</i>	Henry Born.
" ..	First Nat. Bank, Lima.....	J. H. Shoemaker, <i>A. Cas.</i>.....	.....
" ..	Citizens Bank, McConnellsville.	E. M. Stanberry, <i>P.</i>	A. A. Alderman.
" ..	First National Bank, McConnellsville.	R. Stanton, <i>V. P.</i>	R. L. Morris.
" ..		J. T. Stanton, <i>Cas.</i>	R. Stanton.
" ..	First Nat. Bank, Mt. Pleasant..	H. H. Ratcliff, <i>Ass't Cas.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
OHIO...	Citizens National Bank, Oberlin.	J. B. Clarke, <i>P.</i> Dr. Homer Johnson, <i>V. P.</i> Chas. C. Beckwith, <i>Cas.</i>	Montraville Stone* Chas. H. Randall.
" ..	Citizens National Bank, Ripley.	W. A. Gilliland, <i>P.</i> Chambers Baird, <i>V. P.</i> A. B. Morrison, <i>Cas.</i>	J. M. Gilliland. E. R. Bell.
" ..	First Nat. Bank, Smithfield....	A. C. Noble, <i>P.</i>	C. D. Kaminsky.
" ..	Troy National Bank, Troy.	J. M. Campbell, <i>P.</i> Mark K. Knoop, <i>V. P.</i>	Noah H. Albaugh.
" ..	Farmers Bank, Wilmot.....	J. W. Putnam, <i>P.</i>	A. Grafe.
ORE....	First Nat. Bank, Albany	E. W. Langdon, <i>Cas.</i>	Geo. E. Chamberlin
" ..	First Nat. Bank, Heppner.....	Frank Kellogg, <i>V. P.</i>	Hugh Fields.
" ..	Nat. Bank of Heppner, Heppner.	E. R. Swinburne, <i>V. P.</i>.....	.....
" ..	Merch. Nat. Bank, Portland...	Ralph W. Hoyt, <i>A. Cas.</i>.....	.....
" ..	Oregon Nat. Bank, Portland...	Geo. B. Markle, <i>V. P.</i>	Geo. B. Markle, Jr.
PENN...	Central Nat. Bank, Columbia...	David Brainard Case, <i>V. P.</i>	F. A. Bennett.
" ..	First Nat. Bank, Conshohocken.	E. D. Jones, <i>Act'g P.</i>	Geo. Bullock.*
" ..	First Nat. Bank, Homestead...	James B. Neal, <i>A. Cas.</i>.....	.....
" ..	First Nat. Bank, Hughesville...	DeWitt Rodine, <i>V. P.</i>.....	.....
" ..	Nat. Bank of Malvern, Malvern.	Wm. Evans, <i>V. P.</i>	Wm. G. Cox.
" ..	First Nat. Bank, New Castle...	Samuel Foltz, <i>A. Cas.</i>	John Taylor.
" ..	Peoples Nat. Bank, Norristown.	John J. Hughes, <i>V. P.</i>.....	.....
" ..	F'st N. B. of Birmingham, Pittsb'h	Daniel Beech, <i>Cas.</i>	John P. Beech.*
" ..	Second Nat. Bank, Reading...	F. A. Roland, <i>Cas.</i>	Christopher Leoser.
" ..	N. B. of Schwenksville, Schwenks	H. W. Kratz, <i>P.</i>	Jacob G. Schwenk.*
" ..	First Nat. Bank, Shenandoah...	S. W. Yost, <i>Ass't Cas.</i>.....	.....
" ..	First Nat. Bank, Strasburg....	A. R. Black, <i>P.</i>	Wm. Spencer.
" ..	Second National Bank, Titusville.	W. C. Hyde, <i>V. P.</i> Louis K. Hyde, <i>Cas.</i>	Louis K. Hyde. G. C. Hyde.
" ..	First Nat. Bank, Wilkes Barre.	Reuben Downing, <i>V. P.</i>	Wm. S. McLean.
S. C....	Bank of Darlington, Darlington.	Bright Williamson, <i>Cas.</i>.....	.....
" ..	N. B. of Greenville, Greenville.	H. C. Beattie, <i>A. Cas.</i>.....	.....
TENN...	First Nat. Bank, Clarksville...	J. M. Macrae, <i>A. Cas.</i>.....	.....
" ..	First Nat. Bank, Jackson.....	W. A. Caldwell, <i>A. Cas.</i>	W. A. Caldwell, Jr.
" ..	Third National Bank, Knoxville.	Wm. P. Armstrong, <i>P.</i> R. N. Hood, <i>V. P.</i>	R. N. Hood. Wm. P. Armstrong.
" ..	Mech. S. B. & T. Co., Nashville.	Wilbur Durr, <i>Cas.</i>	C. W. Peden.*
" ..	Peoples Nat. Bank, Pulaski....	E. B. Craig, <i>Cas.</i>	Geo. T. Riddle.
TEXAS...	Fourth National Bank, Dallas.	W. H. Prather, <i>P.</i> H. B. Stranger, <i>A. Cas.</i>	T. J. Oliver.
" ..	North Texas Nat. Bank, Dallas.	H. P. Hilliard, <i>ad V. P.</i> J. B. Oldham, <i>A. Cas.</i>	S. J. Howell. Paul Furst.
" ..	First Nat. Bank, Denison.....	J. M. Ford, <i>P.</i>	Samuel Hanna.
" ..	El Paso Nat. Bank, El Paso.....	Chas. B. Eddy, <i>V. P.</i>	W. S. Hills.
" ..	First Nat. Bank, El Paso.....	W. L. Moss, <i>A. Cas.</i>.....	.....
" ..	Ennis National Bank, Ennis.	J. W. Dunkerley, <i>V. P.</i> A. H. Dunkerley, <i>A. Cas.</i>	J. L. Edwards.
" ..	City Nat. Bank, Fort Worth...	D. D. Wall, <i>Ass't Cas.</i>.....	.....
" ..	Traders Nat. B., Fort Worth...	Geo. Mulkey, <i>Ass't Cas.</i>.....	.....
" ..	D. H. Trent, Goldthwaite....	J. A. Austin, <i>Cas.</i>.....	.....
" ..	First Nat. Bank, Granbury....	E. A. Hannaford, <i>V. P.</i>	G. W. Eastwood.
" ..	First Nat. Bank, Kaufman.....	Ben F. Still, <i>Cas.</i>	Geo. W. Voiers.
" ..	Plano Nat. Bank, Plano.....	W. H. Thomas, <i>V. P.</i>	O. Davis.
" ..	First National Bank, Rockwall.	F. J. Wood, Jr., <i>P.</i> W. F. Jones, <i>V. P.</i> John R. Williams, <i>Cas.</i>	E. C. Schneider. J. J. Carter. T. J. Wood, Jr.
" ..	Lockwood Nat. B., San Antonio.	C. E. Arnold, <i>ad A. C.</i>.....	.....
" ..	T. C. Frost, San Antonio.....	J. T. Woodhull, <i>Cas.</i>	H. P. Hilliard.
" ..	First Nat. Bank, Taylor.....	F. L. Welch, <i>Ass't Cas.</i>	H. Dickson.
" ..	Temple Nat. Bank, Temple....	C. A. Brand, <i>V. P.</i>.....	.....
" ..	First National Bank, Tyler.	E. C. Williams, <i>P.</i> H. H. Rowland, <i>V. P.</i>	H. H. Rowland. E. C. Williams.
" ..	Citizens Nat. Bank, Waco.....	C. H. Higginson, <i>A. C.</i>.....	.....
" ..	Citizens Nat. Bank, Weatherford.	A. N. Grant, <i>Cas.</i>.....	.....
" ..	First National Bank, Weatherford.	Henry Warren, <i>P.</i> A. F. Starr, <i>V. P.</i>	A. F. Starr. W. H. Eddleman.
Vt.	Burlington Sav. B., Burlington.	John L. Mason, <i>P.</i>	J. A. Shedd.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
VT.....	First Nat. Bank, Montpelier...	H. M. Cutler, <i>A. Cas.</i>	
"	Windsor Nat. Bank, Windsor...	H. P. McClary, <i>V. P.</i>	
WASH..	First Nat. Bank, Colfax.....	Richard T. Cox, <i>A. Cas.</i>	
"	Yakima N. B., North Yakima...	Geo. Donald, <i>V. P.</i>	A. B. Weed.
"	First N. Bank, Port Townsend.	C. Phillips, <i>Ass't Cas.</i>	
"	First Nat. Bank, Seattle.....	J. H. McGraw, <i>V. P.</i>	
"	Puget Sound N. Bank, Seattle..	Ed L. Terry, <i>A. Cas.</i>	
"	First Nat. Bank, Spokane Falls.	H. M. McCartney, <i>V. P.</i>	
"	Traders Nat. B., Spokane Falls.	M. M. Cowley, <i>Cas.</i>	Jacob Hoover.
"	Pacific National Bank,	T. B. Wallace, <i>V. P.</i> L. R. Manning, <i>Cas.</i> J. M. Keen, <i>Ass't Cas.</i>	T. B. Wallace, Jr.
	Tacoma.		
W. VA..	Second Nat. Bank, Morgantown.	D. C. Hoffman, <i>A. Cas.</i>	Wm. K. Hoffman.
"	Citizens Nat. B., Parkersburg..	J. B. Jackson, <i>P.</i>	A. I. Boreman.
Wis....	First Nat. Bank, Milwaukee....	F. E. Krueger, <i>ad A. C.</i>	
"	First Nat. B., West Superior..	Peter E. Bradshaw, <i>ad V. P.</i>	
WYO...	Wyoming N. B., Laramie City.	A. C. Jones, <i>Ass't Cas.</i>	

NEW BANKS, BANKERS. AND SAVINGS BANKS.

(Monthly List, continued from March No., page 717.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....		Farson, Leach & Co.....	
ALA....	Birmingham...	City National Bank....	
	\$100,000	Joseph Hardie, <i>P.</i>	Mark B. Lewis, <i>Cas.</i>
ARK....	Berryville....	Carroll County Bank.	
	\$7,500	W. P. George, <i>P.</i>	W. R. Hamilton, <i>Cas.</i>
		Tilford Denton, <i>V. P.</i>	C. S. Denton, <i>Ass't Cas.</i>
CAL....	Alhambra.....	Alhambra Bank.....	Chase National Bank.
	\$22,000	J. M. Elliott, <i>P.</i>	John A. Green, <i>Cas.</i>
"	Los Angeles....	Security Sav. B. & Tr. Co.	Chase National Bank.
	\$75,000	Frank N. Meyers, <i>P.</i>	Joseph F. Sartori, <i>Cas.</i>
		S. A. Fleming, <i>V. P.</i>	
COL....	Burlington.....	State Bank.....	
	\$30,000	R. S. Newell, <i>P.</i>	Jesse E. Barlow, <i>Cas.</i>
		D. S. Harris, <i>V. P.</i>	
DAK....	Erwin.....	Bank of Erwin.....	
		Wm. E. Sawyer, <i>P.</i>	Algeroy F. Le Claire, <i>Cas.</i>
"	Langford.....	Commercial Bank.....	Garfield National Bank.
		Luther Pilling, <i>P.</i>	John C. Bassett, <i>Cas.</i>
"	Oelrichs.....	Fall River County Bank.	Fourth National Bank.
		Lawrence O. Shirk, <i>P.</i>	Edwin D. Judd, <i>Cas.</i>
GA....	Gainesville....	First National Bank....	
	\$50,000	Ratliff Palmour, <i>P.</i>	James W. Smith, <i>Cas.</i>
"	Washington....	Washington Exch. Bank.	Chemical National Bank.
	\$62,000	Thos. C. Hogue, <i>P.</i>	Boyce Ficklen, <i>Cas.</i>
		G. Y. Lowe, <i>V. P.</i>	
ILL....	Chicago.....	Farson, Leach & Co.....	
IND....	Brookston....	Commercial Bank.....	
		Valentine Seib, <i>P.</i>	A. J. B. Barnes, <i>Cas.</i>
"	Walkerton....	Commercial Bank.....	
		Isaac W. McConnell, <i>P.</i>	Chas. B. McConnell, <i>Cas.</i>
IOWA...	Danbury.....	Danbury State Bank....	Hanover National Bank.
	\$40,000	Alex. McHugh, <i>P.</i>	Ezra Dorn, <i>Cas.</i>
		A. J. Santee, <i>V. P.</i>	I. B. Santee, <i>Ass't Cas.</i>
"	Rippey.....	Commercial Bank.....	
		S. W. Johnson, <i>P.</i>	Isaac W. Frymier, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN.	Alma.....	\$7,000 L. Palenske & Co	Hanover National Bank. L. Palenske, <i>Cas.</i>
"	Arkansas City..	American National Bank. \$100,000 Fred. H. Thwing, <i>P.</i> Harry Lamson, <i>Cas.</i> A. A. Wiley, <i>V. P.</i>	
"	Elmdale.....	Elmdale Bank.....	Hanover National Bank. Phineas C. Jeffrey, <i>Cas.</i>
"	Hill City.....	Solomon Val. L. & Tr. Co \$100,000 Wm. B. Thompson, <i>P.</i> W. E. Carter, <i>Treas.</i> S. Van Wyck, <i>V. P.</i> F. S. Vedder, <i>Sec. & M'gr.</i>	
"	Marion.....	Union Trust Co	
"	McPherson.....	\$150,000 Joseph L. Hosmer, <i>P.</i> Geo. H. Stearns, <i>Treas.</i> Wm. H. Dudley, <i>V. P.</i> E. M. Donaldson, <i>Sec.</i>	
"	Ottawa.....	State Bank	
"	Paola.....	Henry C. Wilson, <i>P.</i> Wm. A. Lyon, <i>Cas.</i> Chas. E. Gibson, <i>V. P.</i> Chas. G. Reeder, <i>Ass't Cas.</i>	
"	Parker.....	Ottawa State Bank.....	National Bank of Commerce. L. C. Stine, <i>P.</i> Lucien A. Payne, <i>Cas.</i> Geo. Shearer, <i>V. P.</i>
"	Tonganoxie....	Peoples National Bank	
"	Tonganoxie....	\$50,000 C. W. Chandler, <i>P.</i> C. F. Henson, <i>Cas.</i>	
"	Whitsted Laming, Sr., <i>P.</i> Whitsted Laming, Jr., <i>Cas.</i>	Bank of Parker.....	Hanover National Bank. W. O. Fuller, Jr., <i>P.</i> C. F. Simmons, <i>Cas.</i>
KY.	Lebanon	Tonganoxie State Bank.	National Park Bank.
MASS.	Middleborough..	\$100,000	
"	Middleborough..	\$50,000 Calvin D. Kingman, <i>P.</i> Wm. R. Mitchell, <i>Cas.</i> Geo. E. Doane, <i>V. P.</i>	
MICH.	Ashley.....	M. W. Bullock & Co....	Importers & Traders Nat. Bank.
"	Perrington	\$5,000 F. E. Durfee & Co.....	Chase National Bank.
"	White Pigeon..	State Bank	Fourth National Bank.
MINN.	Motley.....	David P. Hamilton, <i>P.</i> John G. Schurtz, <i>Cas.</i> John Murray, <i>V. P.</i>	
MISS.	Rosedale.....	Exchange Bank	Chase National Bank.
"	Summit.....	Isaac Hazlett, <i>P.</i> Edward K. Nichols, <i>Cas.</i>	
MO.	Kansas City....	Bank of Rosedale.....	Hanover National Bank.
"	Moberly.....	\$50,000 Chas. Scott, <i>P.</i> Thos. F. Davis, <i>Cas.</i>	
"	Mound City....	Bank of Summit.....	Third National Bank.
"	Salisbury.....	\$10,000 Alfred Hiller, <i>P.</i> Eugene B. Hyman, <i>Cas.</i>	
MONT.	Great Falls....	S. Thanhouser & Sons..	Bank of N. Y. N. B. A.
"	Missoula.....	First National Bank.....	National Bank of the Republic.
NEB.	Bartlett.....	\$100,000 Geo. L. Hassett, <i>P.</i> Erskine W. McJunkin, <i>Cas.</i> B. F. Harvey, <i>V. P.</i> Ira J. Lewis, <i>Ass't Cas.</i>	
"	Elm Creek.....	Bank of Mound City....	National Bank of the Republic.
"	Greensboro....	\$10,000 Wm. M. Hamsher, <i>P.</i> Jno. B. Ross, <i>Cas.</i> Ben. F. Cunningham, <i>V. P.</i>	
"	Pierce.....	Peoples Bank.....	Kountze Bros.
"	Pierce.....	Wm. R. Slaughter, <i>P.</i> Geo. B. Oldham, <i>Cas.</i> F. M. Clements, <i>Ass't Cas.</i>	
"	Pierce.....	Cascade Bank.....	Chase National Bank.
"	Pierce.....	\$50,000 S. E. Atkinson, <i>P.</i> Franklin P. Atkinson, <i>Cas.</i> Will Hanks, <i>V. P.</i>	
"	Pierce.....	Western Montana Nat. B.	
"	Pierce.....	\$75,000 Ferd. Kennett, <i>P.</i> G. A. Wolf, <i>Cas.</i>	
"	Pierce.....	Wheeler County Bank.	
"	Pierce.....	Robt. Brown, <i>P.</i> James A. Hall, <i>Cas.</i> A. Yeazel, <i>V. P.</i>	
"	Pierce.....	First National Bank.....	National Bank of the Republic.
"	Pierce.....	\$50,000 John J. Bartlett, <i>P.</i> Richard A. Lumley, <i>Cas.</i> Daniel C. Bond, <i>V. P.</i>	
"	Pierce.....	Piedmont Bank.....	Hanover National Bank.
"	Pierce.....	\$50,000 Alfred M. Scales, <i>P.</i> James M. Winstead, <i>Cas.</i>	
"	Pierce.....	Farm. & Merch. State B.	American Exchange Nat Bank.
"	Pierce.....	\$20,000 Henry S. Reck, <i>P.</i> Chauncey L. Wattles, <i>Cas.</i> E. P. Holmes, <i>V. P.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
NEV....	Austin.....	Bank of Austin..... C. O. Boynton, <i>P.</i>	..... C. D. Boynton, <i>Cas.</i>
		W. I. Culbertson, <i>V. P.</i>	C. A. Pratt, <i>Asst. Cas.</i>
N. J....	Asbury Park....	Asbury Pk & Ocean Grv Bk \$50,000 Henry C. Winson, <i>P.</i>	Third National Bank. Edmund Dayton, <i>Cas.</i>
" ..	Haddonfield....	Haddonfield Nat. Bank.. Geo. W. Evans, <i>V. P.</i>	..... Samuel K. Wilkins, <i>P.</i>
" ..	Lakewood.....	Lakewood Trust Co.... \$25,000 Warren Townsend, <i>P.</i>	Third National Bank. Jasper Bray, <i>Cas.</i>
" ..	Sea Isle City...	Peoples Bank..... A. J. Loomis, <i>V. P.</i>	..... W. J. Harrison, <i>Sec. & Treas.</i>
		Geo. W. Urquhart, <i>P.</i>	Carl Vollker, <i>Cas.</i>
		Fred J. Melvin, <i>V. P.</i>	T. E. Ludlam, <i>Asst. Cas.</i>
N. MEX.	Hillsboro.....	Sierra County Bank..... \$30,000 Jefferson Reynolds, <i>P.</i>	Kountze Bros. Wm. H. Bucher, <i>Cas.</i>
N. Y...	Angelica.....	Bank of Angelica..... \$25,000 G. C. Hardesty, <i>P.</i>	National Park Bank. James H. Rook, <i>Cas.</i>
" ..	Brooklyn.....	Twenty-Sixth Bank..... \$100,000 Thos. W. Pelham, <i>V. P.</i>	National Bank of the Republic. Benj. R. Spelman, Jr., <i>Cas.</i>
" ..	Pike.....	Lathrop & Campbell.... A. H. W. Van Siclen, <i>V. P.</i>	Importers & Traders Nat. Bank. First National Bank.
N. C....	Asheville.....	Western Carolina Bank. \$50,000 Lewis Maddux, <i>P.</i>	James E. Rankin, <i>Cas.</i>
		L. P. McCloud, <i>V. P.</i>	
OHIO...	Defiance.....	Defiance Savings Bank.. \$25,000 Horace P. Miller, <i>P.</i>	Chase National Bank. Andrew Sauer, <i>Cas.</i>
		Wm. A. Kehnas, <i>V. P.</i>	
ORE....	Eugene City....	Eugene National Bank.. \$50,000 John B. Harris, <i>P.</i>	..... Walter T. Peet, <i>Cas.</i>
" ..	Pendleton.....	Pendleton Savings Bank. \$100,000 L. L. McArthur, <i>P.</i>	Hanover National Bank. J. H. Raley, <i>Cas.</i>
		R. G. Thompson, <i>V. P.</i>	
PENN...	Brockwayville..	Brockwayville Bank..... \$25,000	National Bank of Deposit. Barrett T. Chapin, <i>Cas.</i>
" ..	Coatsville.....	Nat. Bank of Coatsville. \$125,000 Samuel Greenwood, <i>P.</i>	United States National Bank. M. W. Pownall, <i>Cas.</i>
		P. W. Hiestand, <i>V. P.</i>	Pierce Leshner, <i>Asst. Cas.</i>
" ..	Lancaster.....	Conestoga Nat. Bank.... \$125,000 David B. Landis, <i>P.</i>	..... Albert K. Hostetter, <i>Cas.</i>
S. C....	Sumter.....	Bank of Sumter..... \$30,000 W. F. B. Haynsworth, <i>P.</i>	National Bank of the Republic. Anthony White, Jr., <i>Cas.</i>
		Marion Morse, <i>V. P.</i>	
TENN ..	Dyersburg.....	Citizens Bank..... T. W. Jones, <i>P.</i>	Hanover National Bank. John N. Parker, <i>Cas.</i>
		B. B. Watkins, <i>V. P.</i>	
TEXAS..	Bastrop.....	Bastrop County Bank... (Duncan, Burleson & Gre en).	Hanover National Bank.
" ..	Dallas.....	Nat. Bank of Commerce. \$100,000 D. W. C. Harry, <i>P.</i>	..... A. G. Wills, <i>Cas.</i>
		Thos. W. Griffith, <i>V. P.</i>	
" ..	Fort Worth....	Farm. & Mech. Nat. Bank. \$650,000 John R. Hoxie, <i>P.</i>	Fourth & Nat. Bank of Republic. Stephen D. Rainey, Jr., <i>Cas.</i>
		A. W. Caswell, <i>V. P.</i>	
		Jere. J. Roche, <i>V. P.</i>	
" ..	Sulphur Springs	City National Bank..... \$100,000 J. J. Dabbs, <i>P.</i>	Hanover National Bank. John I. Hargrove, <i>Cas.</i>
		W. B. Womack, <i>V. P.</i>	S. L. Rogers, <i>Asst. Cas.</i>
" ..	Wolf City.....	Wolf City Nat. Bank.... \$50,000 John A. Pierce, <i>P.</i>	National Park Bank G. W. Eastwood, <i>Cas.</i>
		M. H. Turner, <i>V. P.</i>	C. E. Craycroft, <i>Asst. Cas.</i>
WASH.	Centralia.....	Bank of Centralia..... Allen J. Miller, <i>P.</i>	National Bank of the Republic. Arthur A. Miller, <i>Cas.</i>
" ..	Seattle.....	Bank of North Seattle... \$50,000 H. W. Wheeler, <i>P.</i>	Chemical National Bank. C. B. Bagley, <i>Cas.</i>
		John Y. Ostrander, <i>V. P.</i>	

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
WASH... Spokane Falls..	Citizens National Bank..	American Exchange Nat. Bank.
	\$150,000 Byron C. Van Houten, P.	John F. McEwen, Cas.
	John B. Wilson, V. P.	
Wis... Medford.....	Taylor County Bank....	Knauth, Nachod & Kuhne.
	\$6,000 (Hartmann & Brucker).	.....
" .. Sturgeon Bay...	Bank of Sturgeon Bay..	.....
	\$30,000 Ed. Decker, P. James Keogh, Jr., Cas.	

CHANGES, DISSOLUTIONS, ETC.

(Continued from March No., page 718.)

- N. Y. CITY..... Ninth Avenue Bank has changed its title to the Homestead Bank, and is now located at 10th Avenue and 53d Street.
- COL.... Burlington.... Barlow Bros. has reorganized and is now known as the State Bank.
- " .. Wray..... Bank of Wray has been placed in the hands of a receiver.
- CONN... Norwich... .. Norwich National Bank has gone into voluntary liquidation; no successors.
- DAK.... Ipswich..... Mortgage Bank & Investment Co. is now located at Fargo.
- FLA.... Inter Lachen... Bank of Inter Lachen (Warren Taylor), now Taylor & Freeborn proprietors.
- GA. Gainesville.... Palmour & Castleberry, now the First National Bank.
- " .. Washington... Boyce, Ficklen & Co., now Washington Exchange Bank, incorporated.
- ILL.... Augusta..... Augusta Bank (J. B. Compton & Co.), now Klepper, Dexter & Compton proprietors, same correspondents.
- " .. Golconda..... Sloan & Gilbert, succeeded by Jno. Gilbert, Jr. & Co., same correspondents.
- IND.... Indianapolis .. Indiana Trust & Safe Deposit Co. has retired from business.
- IOWA... Carson..... Cattlemens Bank has been purchased by W. J. Way & Co., but will not continue the business at present.
- " .. Danbury..... Danbury Bank, succeeded by Danbury State Bank, same correspondents.
- KAN.... Arkansas City.. Bank of Commerce, now American National Bank, same officers.
- " .. Aurora..... Aurora State Bank has been purchased by the Ames State Bank of Ames.
- " .. El Dorado.... Merchants National Bank has gone into voluntary liquidation, and succeeded by the Merchants' Bank, same officers.
- " .. Hutchinson... Peoples Savings Bank is now the Peoples State Bank same officers and correspondents.
- " .. Larned..... Phoenix Bank has paid all its depositors and gone out of business.
- " .. Marion..... Union Banking Co. has been succeeded by Union Trust Co.
- " .. Ottawa..... The Goodin Bank has been succeeded by the Ottawa State Bank.
- " .. Tonganoxie.... Farmers & Merchants Bank, now Tonganoxie State Bank.
- " .. Walnut... .. Walnut Bank (J. V. Pierce proprietor) has gone into voluntary liquidation.
- MINN... Lake Benton... Matthews & Kimball's Bank, succeeded by A. C. Matthews, same correspondents.
- " .. Pipestone.... Chas. Mylins & Co., now First National Bank, same correspondents.
- " .. Tracy..... Commercial Bank (Jno. E. Evans), now Davis & Evans proprietors.
- MISS ... Grenada.... The Merchants Bank has been incorporated.

- MO..... Moberly... .. Randolph Bank has been succeeded by First National Bank.
- MONT.. Missoula..... Missoula National Bank has changed its title to the First National Bank.
- NEB.... Columbus..... Columbus Savings Bank Loan and Trust Co. has merged into the Commercial Bank.
- .. Elm Creek..... Elm Creek Banking Co. is now the First National Bank.
- .. Pierce..... Farmers and Merchants Bank, now Farmers and Merchants State Bank.
- .. Randolph..... Randolph Bank, now Randolph State Bank, same correspondents.
- .. Red Cloud..... Farmers and Merchants Banking Co. has been incorporated.
- NEV... Austin..... Paxton & Curtis have sold out their business to the Bank of Austin.
- N. Y. .. Pike..... Stebbins & Beebe have been succeeded by Lathrop & Campbell.
- N. C... Asheville..... Western Carolina Savings Bank, now Western Carolina Bank.
- ORE.... Eugene City... Bank of Oregon, now the Eugene National Bank, same officers and correspondents.
- .. Pendleton..... Pendleton National Bank has been succeeded by Pendleton Savings Bank.
- TENN.. Dyersburg..... Bank of Dyersburg has been succeeded by the Citizens Bank.
- TEXAS.. Itaska..... Bank of Itaska (F. C. Phillips) has retired from business.
- .. Wolfe City.... Wolfe City Bank has been succeeded by Wolfe City National Bank.
- Wis.... Medford..... Joseph Brucker & Co. has been succeeded by the Taylor County Bank, Hartmann & Brucker, proprietors.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from March No., page 719.)

- | | | | | |
|------|--------------------------------|--|----------------------|----------|
| 3983 | First National Bank..... | Ratliff Palmour,
Gainesville, Ga. | James W. Smith, | \$50,000 |
| 3984 | Wolfe City National Bank.... | John A. Pierce,
Wolfe City, Texas. | G. W. Eastwood, | 50,000 |
| 3985 | National Bank of Commerce. | D. W. C. Harry,,
Dallas, Texas. | A. G. Wells, | 100,000 |
| 3986 | Eugene National Bank..... | John B. Harris,
Eugene City, Ore. | Walter T. Peet, | 50,000 |
| 3987 | Conestoga National Bank..... | David B. Landis,
Lancaster, Penn. | Albert K. Hostetter, | 125,000 |
| 3988 | Citizens National Bank..... | F. Wilson,
Lebanon, Ky. | | 100,000 |
| 3989 | City National Bank..... | J. J. Dabbs,
Sulphur Springs, Texas. | Jno. I. Hargrove, | 100,000 |
| 3990 | National Bank of Coatsville... | Samuel Greenwood,
Coatsville, Penn. | M. W. Pownall, | 100,000 |
| 3991 | Paola National Bank..... | C. W. Chandler,
Paola, Kan. | C. F. Henson, | 50,000 |
| 3992 | American National Bank... .. | Fred. H. Thwing,
Arkansas City, Kan. | Harry Lamson, | 100,000 |
| 3993 | City National Bank..... | Joseph Hardie,
Birmingham, Ala. | Mark B. Lewis, | 100,000 |
| 3994 | Middleborough National Bank. | Calvin D. Kingman,
Middleborough, Mass. | Wm. R. Mitchell, | 50,000 |
| 3995 | Western Montana Nat. Bank. | Ferd. Kennett,
Missoula, Mont. | G. A. Wolf, | 75,000 |

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MARCH, 1889.

GOVERNMENTS.				RAILROAD STOCKS.				MISCELLANEOUS.			
Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.	Open- ing.	High- est.	Low- est.	Clos- ing.
4 ¹ / ₂ s, 1891.... reg.	107	108	108	Col. H. Valley & Tol.	26 1/2	27 1/2	27 1/2	Norfolk & Western.....	51 1/2	52 1/2	49 1/2
4 ¹ / ₂ s, 1891.... coup.	107	108	108	Col. & H. C. & T.....	20 1/2	21 1/2	21 1/2	Do	27 1/2	28 1/2	28 1/2
4 ¹ / ₂ s, 1897.... reg.	127	128 1/2	128 1/2	Del. & Hudson.....	135 1/2	136 1/2	136 1/2	Northern Pacific.....	63	63 1/2	60
4 ¹ / ₂ s, 1907.... coup.	128 1/2	129 1/2	129 1/2	Den. & Rio Grande.....	14 1/2	15 1/2	15 1/2	Ohio & Mississippi.....	23 1/2	24 1/2	20 1/2
6 ¹ / ₂ s, cur cy, 1893, reg.	120	120	120	Do	44 1/2	45 1/2	44 1/2	Ohio Southern.....	57 1/2	58 1/2	55 1/2
6 ¹ / ₂ s, cur cy, 1896, reg.	122	122	122	East Tenn. V & G.....	9 1/2	9 1/2	9 1/2	Oregon Pac. & N.....	101 1/2	102 1/2	95
6 ¹ / ₂ s, cur cy, 1897, reg.	125	125	125	Do	70	70 1/2	70 1/2	Oregon Sh. & T. Line.....	50 1/2	51 1/2	49 1/2
6 ¹ / ₂ s, cur cy, 1898, reg.	128	128 1/2	128 1/2	Fort Worth & Texas.....	2 1/2	2 1/2	2 1/2	Oregon Sh. & T. Line.....	50 1/2	51 1/2	49 1/2
6 ¹ / ₂ s, cur cy, 1899, reg.	131	131	131	Houston & Texas C.....	110	110 1/2	110 1/2	Pacific Mail & T. H.....	34 1/2	35 1/2	34 1/2
				Illinois Central.....	17 1/2	17 1/2	17 1/2	Penn. & Del. & E. & W.....	26 1/2	27 1/2	26 1/2
				Lake Erie and Western.....	17 1/2	17 1/2	17 1/2	Philadelphia & Reading.....	47 1/2	48 1/2	45 1/2
				Do	104 1/2	105 1/2	105 1/2	Pullman Palace Car Co.....	201 1/2	202 1/2	201 1/2
				Lake Shore.....	57 1/2	58 1/2	58 1/2	Rich. & W. P. Term.....	27 1/2	28 1/2	27 1/2
				Long Island.....	90	90 1/2	90 1/2	Rome, W. & Ogd.....	100	100 1/2	97 1/2
				Louisville and Nashville.....	60 1/2	61 1/2	61 1/2	St. Louis, A. & T. H.....	45	45 1/2	45
				Manhattan Consol.....	47 1/2	48 1/2	48 1/2	Do	25 1/2	25 1/2	25 1/2
				Marq. H. & O.....	105 1/2	106 1/2	106 1/2	St. Louis & San Francisco.....	63 1/2	64 1/2	56
				Memphis & Charleston.....	89 1/2	90 1/2	90 1/2	Do	108	109	105
				Michigan Central.....	83	84 1/2	84 1/2	Do	37	38	34
				Mil. & S. W.....	108 1/2	109 1/2	109 1/2	St. Paul & Duluth.....	101 1/2	102 1/2	98 1/2
				Min. & St. Louis.....	6 1/2	6 1/2	6 1/2	Do	37	38	34
				Mo., Kan. & Texas.....	13 1/2	14 1/2	14 1/2	St. Paul, M. & M.....	42 1/2	43 1/2	40 1/2
				Missouri Pacific.....	72 1/2	73 1/2	73 1/2	Southern Pacific Co.....	37	38	34
				Nash. C. & St. L.....	90	91 1/2	91 1/2	Tenn. Coal & Iron.....	21 1/2	22 1/2	21 1/2
				N. Y. C. & Hudson.....	109	110 1/2	110 1/2	Union Pacific.....	66 1/2	67 1/2	66
				N. Y. C. & St. L.....	18 1/2	19 1/2	19 1/2	Virginia Midland.....	13 1/2	14 1/2	12 1/2
				N. V. L. E. & W.....	69	70 1/2	70 1/2	Do	28	29	25
				N. V. & New Eng.....	29 1/2	30 1/2	30 1/2	MISCELLANEOUS—	151	152	148
				N. V. Ont. & W.....	47 1/2	48 1/2	48 1/2	Express—Adams.....	114	115	110
				N. V. Sun. & W.....	8 1/2	9 1/2	9 1/2	American.....	83 1/2	84 1/2	80
				Do	33 1/2	34 1/2	34 1/2	United States.....	142	143	135
								Western Union.....	86 1/2	87 1/2	84 1/2
								Silver Bullion Cert.....	—	—	—

THE
BANKER'S MAGAZINE
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MAY, 1889.

No. II.

BOND PAYING.

After considerable delay, the purchase of the national debt by the Secretary of the Treasury has been resumed. His policy seems to be the buying at rates within certain limits and of rejecting all offers in excess. This has not been stated in words, and so he is clearly left to the former policy of advancing rates, if necessary, as his predecessor did. It is very probable, however, that, at the rates given, he will succeed in getting all the bonds required by law to meet the sinking fund and to extinguish the surplus. At \$129, a \$100 bond will yield only 2.09 per cent. interest, which cannot be a sufficient inducement for persons to retain their bonds very long. It is true that rates of interest are permanently declining all over the world, and hence the reason for retaining the Government bonds is much stronger than it would otherwise be. Nevertheless, this rate is very low, and if business should revive, so as to create a more active demand for capital, doubtless these bonds would be offered in large quantities, if the present high premiums were paid. The need of Government bonds as a basis of bank circulation, and, in fact, of national bank existence, and for other special uses, adds something to their value; but all can see that the time is not far distant when the basis of the national banking system must rest on something beside the national debt. At the rate at which the debt has been paid, the bonds will be redeemed before the close of the century, and ten years is not a long period of time. Probably before then the national banking system will be so changed as to make its

endurance depend on something else than debt. We do not think it is likely to be superseded by State banks, although their number has been growing within the last year or two. What seems more probable is that the national banks will be continued without any bonds as a basis, and having no circulation whatever, the Government furnishing that, whether it consist of paper, or gold and silver. Perhaps the national bonds might be replaced by other obligations on which a circulation could be based and guaranteed by the Government. For doing this the Government might impose or continue the present tax, and thus would render a very substantial service to the banks as a consideration for the tax paid by them. This is one solution of the question. We do not say that it is the best. So long as the present policy is continued, of issuing fifty millions of silver money, and so long as the gold supplies are as large as they have been for several years, with the prospect of increasing instead of diminishing, there is no particular necessity of adding anything more to our circulation from any source. The great need is, not so much an addition to the circulation of a permanent character, as a mode of rendering the temporary supply greater at times when the demand therefor is greater. Whoever can find a workable plan for doing this will deserve well of his generation.

THE REAL CURRENCY DIFFICULTY.

We suppose our readers have often asked, how can the monetary supply be quickly increased when the stringency in the market is unusually great or excessive? As our readers doubtless know, the Bank of England meets that difficulty by setting aside the law which forbids the bank from issuing notes in excess of the metallic reserve, and boldly issuing a larger amount secured by obligations of a satisfactory character. Three times since 1844 has the English Bank Act been suspended and an excess of paper notes been issued. The amount each time was small, but the fact that more notes could be issued did much on each of these occasions to allay the panic and to produce a feeling of confidence. As soon as it was known that an adequate supply of money could be had, the demand ceased and the panic was allayed. In other words, it was the fear of a lack of money, which, if not creating the panicky feeling, at least greatly intensified it. The demand for a sudden increase of circulation in this country, on some occasions, has sprung from our system of discharging debts by means of the check system. We all know that the great mass of obligations at the present day

are paid in this manner, and which are in due time discharged through the Clearing House. In other words, checks are exchanged with or offset against each other, and a small balance, comparatively, is paid in money. This system is admirable, and no harm happens to any interest while it is in operation; but every now and then the system is suddenly contracted, and whenever this happens the demand for money is correspondingly increased. Any one can readily see that when the system is thus suddenly changed, and money must be had, instead of checks, for making payment, a large amount must be had or a panic will ensue. This is one of the explanations for needing occasionally a large amount of money suddenly and without much warning. But it also happens in another way. The national banks all over the country deposit a very considerable portion of the reserve in the New York banks. This amount is drawn from the country banks and goes to New York, where it enters into the channels of business and is absorbed. Occasionally the country banks demand this money or a large portion of it to supply their wants. Usually the demand is a genuine one, the money is really needed, and their action in calling for it is beyond criticism. Now, the New York banks must, of course, furnish this money, and by taking so large a portion from the ordinary channels of business an immense vacuum is created. Checks cannot suddenly supply this vacuum. The money is gone, and it must be filled with other money or a disturbance is created. There must be a diminution in trade, a shrinkage in the volume of credits, or in some way the difficulty must be overcome. Now, what is to be done? Whenever any one can find a way of filling the vacuum readily caused, either by the withdrawal of money, as above explained, or by the sudden failure or diminution of the check system to discharge debts, then the worst difficulty relating to our currency will be solved. No one has found a way of supplying the vacuum thus created very satisfactorily. The New York Clearing House issues certificates which circulate among themselves in payment of balances, but they do not wholly meet the difficulty. They are better than nothing, but something more adequate must be found. Our banks should devise some remedy, for every year they are confronted with the difficulty. Cannot some one invent a safe temporary circulation that will readily take the place of money suddenly withdrawn, or supply the demand caused by the sudden failure from time to time of discharging indebtedness in the ordinary manner?

RAILROAD INDEBTEDNESS.

A small circulation with low prices is just as desirable for a community as a large circulation with high prices, if they remain unchanged. But a change from the one basis to the other may seriously affect business. This we know from costly experience; if the quantity of circulation is largely increased, prices advance, and a period of golden prosperity follows, in which everybody is happy. The Platte country is now living in this state of happy excitement. Gold has been imported in large quantities, the country is flooding with a bank-note circulation, prices are advancing, and everybody is making a fortune. Every one can see that a day of reckoning is not far off, but each expects to be smarter than his neighbor and to get out in time. When prices begin to decline the debtor is the sufferer. He is stranded. The people of this country have had a woeful experience of this nature since the civil war. Farmers who borrowed money during the war, when wheat sold for \$2 per bushel, have learned that by a decline in its value of 50 per cent. their indebtedness is doubled by the decline. They did not think at the time of borrowing of the possible decline in prices, and that their burden would thus be so heavily increased. They thought of the present; either believing they could discharge their debt before a decline should come, or perhaps never thinking of such an event at all. After a very few years prices began to shrink. The same experience has happened in every country which has ever inflated its currency rapidly. The tide of prosperity has been followed by a period of great suffering.

Many of the railroad companies are now sharing this experience. They have borrowed enormous sums for the construction of roads, without much thought of the difficulties in the way of payment. But what has happened? Competition among them has become so sharp that the rates for transportation of freight and passengers have been greatly reduced, and, consequently, many of these companies find their indebtedness much greater, in proportion to their earnings, than they were a few years ago. This condition of things they did not imagine at the time of issuing their obligations; and it applies with particular force to the roads that radiate west and south from Chicago. Through their foolish policy of paralleling, and from other causes, they have extended their lines far beyond the needs of business, and, while incurring a huge mountain of debt for this purpose, on the one hand, they have been obliged to reduce rates on the other, thus making their debts, which were

heavy enough before, much heavier in proportion to the revenue and ability to pay. This, then, is the present situation. The gravity of the situation is increased by the fact that the products of the country can stand no increase in rates. The railway system of India has been rapidly extended within a few years, thereby enabling the Indian producer to market his wheat to advantage in England and other countries. It is evident that England, whenever possible, will draw supplies from its own possessions, rather than depend on us. The Russian producer, too, is again furnishing Western Europe with cheaper wheat, and thus the conditions of production are less favorable to us than they were a few years ago. It was then believed that we securely held the leading markets of the world, but to a large degree they have been quickly wrested from us. The cold figures of the last two or three years must dissipate the faith of the strongest in our ability to hold them. The wheat raiser of India and Russia is determined to retain his markets, and is likely to be successful. The former has strong reason for increasing his product, because the Government is assisting him so much in furnishing cheaper transportation. The Indian Government is building an extensive system of railways, which, when completed, will meet all the requirements of the Indian wheat farmer, thus enabling him to get his products to the market under the cheapest conditions. With an enormous country, well adapted to wheat raising and cheap labor, how can a western farmer cope with him? An ably conducted journal says: "Western millers have been so long shut out from the British market by high prices in the United States that they are fearful of losing the export trade altogether. To learn the prospects, numerous inquiries were addressed to correspondents in England, from whom replies have been received agreeing in all the main particulars. The general conclusion reached is that at the present time Great Britain is almost wholly independent of American supplies. Not only has the British product improved in quality, but Hungarian brands so closely resemble the best Minnesota products that the two qualities are scarcely distinguishable. Hungarian flour, therefore, is a formidable rival." In 1887 the United States sent to Great Britain the equivalent of 98,334,584 bushels in flour and wheat. In 1888 the shipments of these two articles had fallen to 57,889,650 bushels. This is a decrease of 40,444,934 bushels in two years, or an approximation to one-half. During these two years the imports of wheat and flour to Great Britain from Russia and Roumania increased 38,704,005 bushels, or nearly as much as the whole amount of our loss. Surely the railroad companies cannot hope to advance their rates with any prospect of success, for by doing so they would strangle their customers on whom their own prosperity depends.

It is true that ours is a wonderful country. Immigration is increasing rapidly, and probably the unimproved lands along the railroads we are now considering will be soon taken, and if this huge specter of violent competition were not so clear, these corporations might hope for larger revenues, enough to enable them to meet their fixed charges, and to reduce them. But so long as the existing conditions remain, the fact cannot be denied that their burden of indebtedness has been rapidly increasing, without a corresponding increase of their ability to discharge it.

A REVIEW OF FINANCE AND BUSINESS.

IMPROVEMENT IN FINANCIAL BUT NOT IN BUSINESS AFFAIRS.

There has been little of encouragement in the business situation, during the month of April, except in the agricultural outlook for 1889, and the prospect of a large crop of winter grains, with the earliest harvest on record, as the result of the open and mild winter which has scarcely interrupted their growth. Otherwise the changes have generally been of an unfavorable nature in commercial and industrial affairs, although the financial situation has improved, and the stringency in the money market during the latter part of March has been followed by extreme ease and low rates on both sides of the Atlantic. The return of funds from Boston and the country, where they had been drawn to effect April first settlements, and to pay for the stocks the Hub had been compelled to sell in consequence of the collapse of the Copper Syndicate and of the railroad systems that were owned there, has been greater than the March outflow from New York. The dullness in both manufacturing and commercial interests has rendered country banks unable to employ all their funds at home, and these have been sent here for the 2 per cent. interest allowed by New York banks on country balances. This has stopped the reduction in bank reserves which threatened in March to become serious, while the rate of sterling exchange has been too low to permit of any further shipments of gold. Exports have been larger than for the same month in several years, while Europe has turned buyer of our railroad securities again instead of seller, as earlier in the year. The renewed purchases of bonds by the new Administration early in the month, also gave assurance that the policy of the late Secretary of the Treasury would be followed, and relief afforded the money market whenever needed. Hence, most of the financial bugbears of March have disappeared in April. But the commercial and industrial situation has rather gone backward than forward. Failures have been more numerous and larger,

manufacturing industries have been less busy, and in some cases on short time, and the coal trade has been compelled to further reduce production in order to prevent a break in prices on the reduced consumption by the iron and other manufactures, in addition to the loss of the past four months from the mild winter.

THE RAILROAD SITUATION UNCHANGED.

The result of this state of trade and production has been reflected in railroad earnings and traffic, which have, in many important cases, been less than a year ago. This was to have been expected of the wheat and coal roads, on a short crop of wheat in 1888, and the reduced consumption of coal in 1889. The former have not been made whole by the price of coal, notwithstanding the combination which practically exists in face of the Interstate law, while the latter have not had enough more corn to haul than a year ago to make up their losses otherwise. The Interstate Railway Association, which was to cure all the evils of over railroad building and competition, has been in operation, and declared to be the law unto railroad managers who had refused to respect either the Interstate law or stockholders' rights. Yet in face of all these declarations, cut rates continue on the Western or Granger roads and Trunk lines as before, and combinations by the coal roads, as if there were neither Interstate law nor Association. A specimen brick has been thrown at the other Trunk lines by the Baltimore and Ohio road, in making a contract with the Chicago Dressed Beef Syndicate, at a 5c. cut rate, to take all their business to the seaboard for five years. It remains to be seen in what way the other Trunk lines will retaliate, and on what other class of freight they will recoup their losses by a corresponding cut. But that this will be done there is no doubt. In the meantime, canal and lake navigation open on much lower rates than a year ago, and the railroads must meet the general reduction in west and east bound prices on heavy bulky goods, or lose all this traffic to the water routes. This settles all prospects of the Trunk line earnings increasing until another crop of wheat is ready to be moved. The coal roads cannot look for any improvement until another fall or winter, unless manufacturing interests revive.

GENERALLY FINE CROP PROSPECTS IN THE UNITED STATES.

The Southwestern roads will be helped by a larger winter wheat crop, which now seems reasonably assured, while the Northwest or Granger spring wheat roads will have to be content with what little wheat and flour they can get till the spring wheat crop is grown, except those in the corn belt, which will get more than a year ago, of that cereal. What the next spring wheat and corn crop will be it is too early to prognosticate, though the season

has opened unusually early, but with unusually dry weather. The drought, however, which threatened serious results early in the month to spring wheat, has been relieved by rains, followed by fine growing weather; and all the crops on the Atlantic and Pacific coast, both spring and winter, have got a good and early start as a rule, while the acreage sown is reported unexpectedly large, in view of the low prices which have been reached the past month in all cereals, as well as their products, including flour, and hog and beef products. With favorable weather conditions from this on, the chances therefore are more than an average at this season for more than average crops, both in quantity and quality. The risk to crops of all kinds for the balance of the season is reduced to the minimum, by the fact that seeding of spring crops will be as far progressed on the first of May this year as they are usually in the middle of that month, and as they are often on the first of June. It will therefore be apparent why this year's crop prospects are much more than usually good at this season. This much is beginning to be reflected in the halt in the decline of railroad stocks.

THE CONDITION OF THE STOCK MARKET.

While weakness has continued for the greater part of the month in railroad securities, there was a check in the decline toward the end of the month, caused by renewed buying for Europe, after quite a lapse of time, during which it sold more than it bought; and, on the easy money market together with improving crop prospects, all of which combined to set shorts covering on the stocks most affected by these influences. This was helped along by the increased activity in railroad bonds, which began about the middle of the month, or when the April disbursements for dividends and interest, and the returning money from the country sought investment. From then, the increased activity and, finally, strength, communicated to stocks, and gradually the market has changed its downward for an upward tendency without having attracted attention or outside buying for a rise, as it has been the popular belief that the irregular advances were caused by shorts covering, and hence would be only temporary. But this is the right way for a turn in the market to set in, in order to be permanent; and, while we may not get a Bull market until crop prospects are nearer realization, the chances are against much further, if any, decline.

This, of course, applies to those roads affected by crops, and would have little to do with most of the Transcontinental lines, except the Northern Pacific, and still less with the Coal roads, which must wait on increased industrial activity. But there are pools in the coal stocks which may make them dangerous to sell

short if the rest of the market should gradually harden on the improved crop outlook. Hence the Bears have not the inducement to follow the short side of the market they have had the past two months, and it would not be surprising to see them abandon that side of speculation and become Bulls for a time, while the magnates of the market are already believed to be such.

PRICES OF STOCKS COMPARED WITH 1888.

In this connection it is of interest to note the difference in prices of leading stocks at the close of the month and a year ago. Comparing the prices on April 26 with those of April 26, 1888, out of 33 of the most active stocks, twenty-four were higher than a year ago by the following differences, viz.: New York Central and Canada Southern 1 per cent. higher, Richmond Terminal 2, Erie 3, Lake Shore 4, Union Pacific 5, Michigan Central 6, Lackawanna and Norfolk and Western pfd. 7, Oregon Trans. 8, Manhattan and Western Union 9, Lake Shore 10, Louisville and Nashville 12, Erie preferred 13, Jersey Central $13\frac{1}{2}$, Northern Pacific preferred 13, Richmond Terminal preferred 13, Consolidated Gas 15, C., C., C. and I. 18, Oregon Short Line 25, Delaware and Hudson $27\frac{1}{2}$, Big Four 33, and Pullman Palace Car 48. The nine stocks showing declines were: Northwestern $2\frac{3}{4}$, Missouri Pacific 4, Oregon Navigation 4, St. Paul 7, Illinois Central 7, St. Paul pfd. 8, Reading 17, Rock Island 19, Burlington 25.

Among the above, it will be noticed that the Vanderbilt and Gould stocks, generally, show the greatest advances, except a few Southern and Transcontinental roads and one or two of the coal roads. The Grangers and Reading show the greatest declines, in sympathy with the greatest reduction in their earnings.

THE ACTIVE BONDS.

While the demand for bonds has been quite general, it seems to have been best for the speculative issues, and it has been steadily increasing, until at the close of the month the transactions at the Stock Exchange were on a large scale. A very heavy business has been done in the Texas and Pacific issues of which the firsts had advanced to 92, and the seconds to $38\frac{1}{4}$. At the above date Mobile and Ohio general mortgage 4s were more than usually active, and advanced to $52\frac{1}{4}$. Chesapeake and Ohio and Southwestern firsts advanced to 110. There was also a revival of activity in Erie Second Consols which advanced to $106\frac{1}{2}$. The number of other issues traded in was large and prices were all higher, except on Denver and Rio Grande Western firsts which declined to 87, and on St. Louis, Arkansas and Texas firsts to 95 for special reasons.

The price paid by the Treasurer for Government bonds has been advanced slightly, which brought out more of them until

money became easy, and the price thus established has been held, though he is disinclined to buy more at current prices, which he regards too high.

IMPROVED EXPORTS AND BALANCE OF TRADE.

The foreign trade of the United States for the month of March was very favorable, showing a credit balance of \$7,599,267 in favor of the United States, against a debit balance of \$11,173,295 for the same month in 1888, and a credit balance of \$4,726,848 in 1887. The exports of merchandise in March were the heaviest for that month since 1883, and in the year to March 31 were only exceeded in January, December, November, and October, the period of the heavy outward movement in each year. The imports also were on a larger scale than before, for March, and were only exceeded in January of the year to March 31. The export movement of gold in March was greater by \$1,717,296 than the total for the preceding two months and as double that of March of last year. The imports of gold in 1889 were small.

While the official returns for April will probably show a falling off on account of smaller exports of cotton and provisions than in March, it is likely they will also show a gain over a year ago, which is a more favorable showing than was expected.

The exports of corn have kept up to the same increased volume of this crop year so far, while flour and wheat have fallen below it, as they did in March and February. But both flour and wheat should show a gain in April over March of this year.

LOWEST PRICES OF WHEAT IN APRIL EVER KNOWN.

The other extreme from the \$1.25, corner price of last Fall, has been nearly, if not quite, reached in wheat during the past month, when the New York market went to nearly 80c. and lower than for the past three low-priced years not only, but lower than ever known at this season of the year; and yet Europe holds off, and only takes sparingly of our wheat, because it has been under the control of a Chicago clique. Such is the fallacy of the belief in the old trade proverb that low prices stimulate export demand, while high prices check it. This may be true of unreasonably or fictitiously high ones, but not of unreasonably and unnaturally low ones. For, with the lowest prices on record for April, our exports have also been about, if not the lowest on record also, for that month, and this too in a short crop year. The truth is, Europe will only buy our wheat when she cannot get it elsewhere, for other countries will undersell us, no matter what the price, while Europe can pay other countries in her own manufactures, but not the United States, since the balance of trade is in our favor, and at the same time that our premium on options of wheat under the American system of trading enables importers in

Europe. to buy elsewhere and sell futures here against these purchases, as a hedge or insurance during the period of passage, when they pay no carrying charges on their shipments, but actually get them here on short sales without carrying the wheat. These are the influences that are robbing us of our export trade in wheat, even in the face of the lowest prices on record at this season of year, and not Bull manipulation or cliques, neither of which have controlled our markets for a month past, since the Fairbanks deal in May was turned into July, and our markets were dropped to a parity with Europe.

Bear manipulation, however, has existed since then, and by discounting the "harvest of the new winter crop in June," the shorts have been able to sell the small balance of an old short crop below the option price of the coming crop, estimated to be the largest on record, though a new crop has never yet been available to any extent before August.

GENERAL DEPRESSION IN THE PRODUCE MARKETS.

But, while wheat has led this depression in the produce markets, everything else has followed until it has been general, and, it is generally believed, too great, with Bear trading overdone, and a short interest nearly as great as last fall, when the famous September wheat corner was made possible by just such oversold markets. If, therefore, there is not an upward reaction, and a sharp one, before the new crops of all kinds are available, the signs of the times will all fail, as well as all the precedents of the past. Corn and oats may not be liable to such sharp upturn, as wheat, for the crop of both last year was very large. But consumption has been proportionate, and the mild winter has induced farmers to hold back their live stock and fatten it as never before. This has been the theory on which hog products have also been raided for months on the belief in a very large supply of summer hogs, and those now coming to market are as fat as last winter, showing they are held back still, as long as corn will add to their weight. Hence a reaction in provisions is due as well as in grain, and had already set in at the close of the month, as the packers seem at last to have stopped bearing the market for their own products. But beef never was so dull as it has been for over two months, during which there has not been enough doing to make a market, and it looks as if cured beef is to become an obsolete staple of commerce.

The liquidation of the long interest in provisions, as well as in wheat, flour, corn and oats, seems now to have been pretty general and complete, and the short crop Bulls of last fall to have been pretty well eliminated. The short interest formed since last January, however, has not been liquidated, and the summer months, if not May, are expected to see it completed also.

OTHER MARKETS.

There has been a little animation and strength in cotton on a better Liverpool market. But speculation seems to have gone out of that staple since the disastrous attempt to corner the New York market on the last crop. Outside of export trade and spinners there is therefore little interest in that market.

Petroleum has shown more life the past month on reduced stocks, which created some long interest which was offset by the developments in the Ohio field, and a Bear raid on the reported purchase of the same by the Standard Company with the avowed purpose of working refined product out of that inferior crude material. But the whole matter is still in doubt, and the Mining Exchange is speculating on that doubt, with the Standard Company behind, as usual, pulling the wires, and the shorts paying for it.

Ocean freights have been down again owing to the light exports of grain hence, and to the increased freight capacity between here and Europe by reason of the immense size of the new passenger and freight boats, placed on the regular lines between here and Liverpool, and some Continental ports.

The Coffee Market has not attracted so much attention as formerly, as it was a gamble pure and simple here and controlled by speculators in the French markets chiefly. But since they were caught by the Copper Syndicate and the Panama Canal liquidation they have done less here in coffee, and hence our market has suffered, or rather the brokers in it.

GENERAL TRADE.

Complaints have been general and somewhat serious, of poor trade the past month, owing to the fact that the unusual weather of the spring, following the unusually mild winter, has rendered dealers unable to get rid of the spring goods they bought in January and February, when out of town trade was as good or better than a year ago, since when it has been poorer. After the Centennial, however, it is expected to improve, as it will bring a large number of merchants to town from all parts of the country. On the other hand, it is claimed that 80 per cent. of the country trade with New York is done by traveling men by sample, from whom country merchants prefer to buy than of the house in New York direct, because the traveler will take care of his customers who are his stock in trade, and do better by them, than the house itself, which will work off its most unsalable goods at the highest price, whereas the traveler stands between his house and his trade, and will not let his employers "stick his customers.

FINANCIAL FACTS AND OPINIONS.

Government Deposit Operations.—A statement has been prepared in Assistant Treasurer Whelpley's office, which is interesting in view of the recent paucity in offerings of $4\frac{1}{2}$ per cent. bonds, and which would seem to make it surprising that the banks which have deposited this class of bonds as security for public deposits have not been induced to surrender them at the price the Government is now paying. The statement assumes the case of a bank, not in a reserve city, receiving a deposit of \$100,000 in December, 1887, when $4\frac{1}{2}$ per cent. bonds were $107\frac{1}{2}$, and surrendering its deposit in December, 1888, when the Government was paying 108, the same price which it is paying now, and shows that upon the actual investment the profit to the bank would have been 22 per cent. The statement is as follows:

Cost of \$100,000 $4\frac{1}{2}$ per cent. bonds, December, 1887, at $107\frac{1}{2}$	\$107,500
Received from Treasury on account of bonds deposited, on which is allowed par.....	\$100,000
To be retained as lawful money reserve (15 per cent.).....	15,000
Leaving for investment or to loan.....	<u>85,000</u>
Investment account bonds purchased.....	\$22,500
RETURNS FROM INVESTMENT.	
\$100,000 $4\frac{1}{2}$ per cent. bonds, interest received.....	\$4,500
Profit realized on sale of $4\frac{1}{2}$ s to Government on December, 1888, at 108.....	<u>500</u>
Total.....	\$5,000
Making interest at the rate of 22 per cent. on the investment of \$22,500.	

This, of course, presupposes the purchase of the bonds at a certain time, and the sale at a certain time. It does not include the profits to the bank on the \$85,000 received for investment or loan. In the case of a bank in a reserve city, where the lawful reserve must be 25 per cent. instead of 15, the rate of profit would be 15 per cent. The $4\frac{1}{2}$ per cent. bonds now on deposit as security for public moneys amount to \$11,454,500, a decrease during the month of \$1,182,000. The $4\frac{1}{2}$ per cent. bonds purchased since March 1 amount to something less than \$5,000,000, so that it would seem as if only about a fifth of the purchases have been from depository banks.

A New Gold Certificate has just been issued, at the request of the Chicago Clearing House, which will greatly simplify and facilitate the balancing of exchange between the different banks of this city. The new certificate is issued in denominations of \$5,000 and \$10,000. Heretofore it has been the custom at the close of the banking day's business with the various banks to carry back and

forth the amount, in gold or currency, of the sums necessary for balancing their separate accounts. This method was not only inconvenient, but likewise to a certain degree unsafe, as the messenger intrusted with the money might have been waylaid on the streets and robbed. With the new system the inconvenience is removed, and at the same time danger of loss through robbery is made impossible. The method of operation with the new gold certificate is as follows: Any bank having gold in the sum of \$5,000 or upwards, in multiples of \$5,000, may deposit that gold in the Sub-Treasury at the Custom House. The bank thus depositing receives Government gold certificates in the sums of \$5,000 or \$10,000. These certificates are made payable only to the order of the bank depositing, and can be passed back and forth by the banks in the Clearing House for the settling of balances.

The Gold Fields of the Transvaal.—The future production of gold is a question of immediate practical importance to the whole world. Of late much has been said about the South African gold field. While it has long been known that it was extensive, yet it has been supposed that it was not sufficiently concentrated to pay well for working. Within two or three years the output of some of the mines has increased largely, and they are fulfilling the prophecies of the most sanguine. Mr. Hollis, the United States Consul at Capetown, has furnished an interesting description of the extent and yield of these gold fields. The richest district is Johannesburg. He says: "The mining territory already prospected covers an area of over 1,500 square miles, bounded roughly by Johannesburg, Heidleberg, Barberton, and Klerksdorp, all mining centers, and from which prospecters are radiating out in all directions. In the first named district fifteen 'reefs' or lodes have been opened up, and they have been traced for 75 miles. These reefs are from 2 to 12 feet wide, the dip varying greatly. No one can conjecture the depth of these reefs. The richest mine I visited was growing richer as the depth increased, and was turning out 7 ounces of 22 karat gold to the ton. All the mines are producing from one ounce upward to the ton of ore, and the cost of working is, on the average, about \$4. Labor is cheap and plentiful; the average pay of Kafirs is 75 cents per day, and they make excellent laborers. In view of these conditions a dividend of 5 per cent. per month is not surprising. The report of one company, received to-day, gives gross earnings £19,000, net profit of £9,000. Forty-five per cent. dividends had been divided during the year, and £900 carried forward. Three thousand six hundred and eighty-seven tons of ore were crushed during the last year, yielding 4,227 ounces, averaging over 1 ounce 6 pennyweights to the ton." Nevertheless, those who profess to know most about

gold mining, think that the speculation in South African gold mines has reached its height, and that the rich spots are not numerous.

British Gold Coinage.—For a long time the question has been agitated in Great Britain of withdrawing the light weight coins from circulation, and of striking new ones containing the weight required by law. Several investigations have been made to show how long a sovereign and half sovereign can be in circulation before their weight is reduced below the legal limit. Professor Jevons, among others, investigated this question years ago, and he concluded that about eighteen years' wear would reduce a sovereign below its point of legal currency, while half sovereigns would not circulate more than seven years and a half before they reached the light weight limit. The reason for the difference in the wear of the two coins is that the half sovereign possesses a larger surface in proportion, while it circulates more rapidly than the larger and heavier coin. In a general way it may be said that the half sovereign is worn below the legal tender limit in about half the time of the sovereign. Professor Jevons further said, in 1868, that 31.5 per cent. of all the sovereigns in the kingdom were no longer legal currency, and the proportion of light weight half sovereigns was about 47 per cent. of the whole number. One of the curious questions in connection with this problem is its bearings on the circulation of silver. Many in this country have been condemning the use of silver dollars because their market value was so much less than their legal value. But how about these gold coins? Many of them are far below the light weight—for example, a sovereign of George the Third's time—and yet they pass, for the most part, just as readily as the sovereigns coined yesterday. A jeweler would not take them, to be used in the arts, but for monetary purposes they pass equally well, for the obvious reason that the receiver expects that he can readily part with them; and so long as this is the case he will not hesitate to take them; and the same is true of our silver circulation. So long as the coins readily circulate, people take them without much grumbling, but if they should fear that they would not be redeemed, then they would soon disappear from circulation or be taken with great difficulty; or, if kept through force in circulation, the inconvenience or unwillingness to receive them would be shown by asking more for the commodities exchanged for them. The principal reason why the silver coins have circulated so long is that the Government has not hesitated to take them, thus a large outlet has always been open for their reception. This, we suppose, is the reason why the British gold coins have continued to circulate with so much ease, notwithstanding their light weight. In other words, there was a

general belief that no one was to suffer in the end by the circulation of such coins. However, the movement to recoin them is doubtless wise, and it should be a lesson to the American people to do something in the way of improving the value of their silver coinage.

Argentine Finance.—The report of Consul Baker, of Buenos Ayres, on Argentine progress, commerce and finance, is a record of wonderfully rapid progress. Gold has reached a premium of 65 per cent., and before the finances of the country can be placed on a sound footing, a great shrinkage of values must take place. There is no doubt that the present Finance Minister realizes the danger. The suspension of specie payments by the banks, which Congress sanctioned more than three years ago, has been allowed to continue without one serious effort on the part of the Government to place foreign commerce and internal trade on a normal footing again; in fact, the successive Finance Ministers have vied with each other in aggravating the situation by increasing instead of reducing the volume of inconvertible paper money. During 1867 \$20,000,000 were thus added, and last year, under the new law for the creation of national banks, a further amount of \$40,000,000 was put in circulation, so that inconvertible currency to the extent of more than \$130,000,000 is now in circulation for a population of about 3,000,000. The efforts on the part of the Government to counteract the natural result of its own measures are peculiar. It imports gold, the proceeds of loans in Europe far in excess of the payments it has to make in the country, while the balance of trade is heavily against the country, exceeding \$40,000,000 last year. The minister appears to think that the premium on gold arose from or was increased by speculation in gold futures, so he issued a decree forbidding time bargains in gold. No attention was paid to the decree, and notice was given that the Exchange would be closed by the Government, and as this threat produced equally little impression, the Exchange actually was closed by the police. It has since been reopened. Equally futile will be the proposed export duty on gold which is being discussed by the ministry.

The creation of industrial companies and land mortgage bonds, "cedulas," issued in enormous amounts by the various banks, is another unhealthy feature in the financial situation, the creations that secured quotation on the Buenos Ayres bourse having been, in 1886, \$75,419,200 in paper; in 1887, \$127,462,192 in paper and \$15,864,000 in gold; and in 1888 \$160,061,600 in paper and \$43,000,000 in gold. Now there is a fresh issue of \$50,000,000 more of these land mortgage bonds by the La Plata Mortgage Bank, so that altogether in little more than three years there have been placed on the market \$430,000,000 of these "cedulas,"

or a mortgage debt on land equal to about \$140 per head of the population, including women and children. These figures will give some idea of the gigantic speculation that is going on in the country. Immigration, and, consequently, increased production for export, is the one redeeming feature. In 1886 the number of immigrants arriving was 93,116; in 1887, 137,426; and last year little short of 150,000; while the returns for last month show an arrival of 21,823. The shipping and trade of the country is upon a larger scale than ever before, but, unfortunately for the chance of resumption of specie payments, the imports grow still more rapidly. The number of steamers arriving at Buenos Ayres and Rosario last month was seventy-eight, and the amount collected in customs' duties \$4,988,000, a good showing for the Government, but representing a value of imports of about \$15,000,000, which is for one month an extravagant figure, when compared with the population of the country.

Foreign Land Owning.—A few years ago, Texas made a contract for the erection of a capitol, paying therefor in land, the builders receiving three millions of acres. At that time the bargain was considered a very good one for the State; the capitol has been completed, and the title to the land has passed to the contractors. It has risen considerably in value, so that they have made a good thing from the contract. It is reported that they have now sold the land to an English company, thus increasing the amount of foreign holdings in this country. Three millions of acres comprise an area nearly two-thirds the size of the State of New Jersey. It is said that the company has just leased 2,500,000 acres at the rate of fifteen cents an acre. The State of Texas perhaps can afford to sell as much to foreigners, but the policy is certainly not wise for our country. The safety of States as well as of the nation depends largely on the cultivation of the soil by the owners, and if the separation of ownership from occupancy should become general, the result would be bad for the country. Nothing conduces more to the growth of a healthy conservatism than the improvement and occupancy of the land by the owners. The evil influence of the other policy is most severely felt in our large cities, in which an irresponsible class, having no interest in the land, are interested in making expenditures as heavy as possible, as they gain much and lose nothing as the result of such a policy. The States cannot move too slowly in parting with the ownership of their lands to large holders, and especially foreign ones, who have no real interest in the enduring growth of our institutions.

Mexico.—Mexico is making considerable progress in several directions. A statistical work has recently been published, compiled by

the ablest statistician in the republic, Senor Cubas, from which it appears that the coinage in the mints since they were established sums up the large total of \$3,312,723,266, of which no less than \$3,194,111,828 has been of silver. The population has increased since 1880 by 1,487,701. The revenue of the General Government has increased in the past eight years from \$21,936,135 to \$32,126,508, while the exports and imports have reached \$43,647,717 and \$52,252,275 respectively, making the total movement of the foreign trade \$95,899,992. These last figures are for the fiscal year 1886-7, and at the present date must be much larger, as with the increased facilities for moving merchandise there is a constant growth in the volume of trade. Based on the taxes collected, real estate shows an increase in value from \$366,055,052 in 1880 to \$473,519,871 in 1888; but this represents very imperfectly the value under this head, as the system of land taxation has not yet been reorganized, and the real value of property is far in excess of that returned for taxation. In 1880 there were 15 lines of railway, and the number of kilometers in operation was only 1,055, and at the end of 1888 there were 47 lines, with a total length of 8,153 kilometers, irrespective of a large mileage nearly completed and under contract. The extension of the telegraphic system has also been rapid, there being 44,612 kilometers in operation in 1888, while in 1880 there were 18,910. These facts are gratifying evidence that Mexico is really awakening to a better state of things. The President of the Republic, in his recent message, has also given a similar review, dwelling especially on a plan for draining the Valley of Mexico, which now is one of the most needed improvements in that country. Evidently order is becoming better established as well as industries, and the spirit of progress is becoming more general throughout the country.

A Canadian Mint.—The *Canadian Journal of Commerce*, in a recent issue, urges the establishing of a Canadian mint. The Canadian Government, having no mint of its own, must redeem its issues either in British or United States gold coin, at its option. The consequence is when the New York exchange is in demand and sterling comparatively low, British gold is disbursed, and when the reverse is the case, American gold is paid.

This double standard, so to speak, has led to considerable discussion and a demand from some quarters to have the law altered so as to redeem only in one kind of coin, say that of the United States. A careful consideration of the whole circumstances must, we think, lead to the conclusion that this demand is not well founded. The duty of the Government is simply to establish the legal weight and fineness of the gold standard, so that bankers and business men may have a standard of value so long as specie payments are maintained. No change has been made in the law for nearly fifty years, and the Government is no more

called upon to supply American gold than is the Bank of Montreal. The altered circumstances of the country since confederation, and notably since the passing of the Legal Tender Note act, seems, however, to demand a change in the interest both of the country and of the Government. To keep a supply of foreign gold exposed at all times to be withdrawn on the slightest ripple in the exchange market, is to subject the Government to great expense in maintaining its reserves, and at the same time tending to conceal an adverse balance of trade, until the country is drained of its gold reserves. The remedy for this state of affairs is not, we think, far to seek. Canada has but to follow the example of other countries and establish its own mint, leaving the exchange market to take care of itself. Canadian gold coin of five, ten and twenty dollars, having the same intrinsic value as the United States coinage, would serve all the purposes of a legal tender, while it could not be drawn for shipment either to England or the United States, until exchange had advanced very considerably above par, as our coins would be treated as foreign gold in both these countries.

Railroad Mortgages.—Generally, it is supposed that a mortgage lien is permanent, and cannot be dislodged. Within a few years we have heard how receivers' certificates can be shelved underneath mortgages; but receivers are the officers of courts, and therefore whatever is done by them is done by authority of legal tribunals. A case has recently arisen in Ohio, in which the court held that a railroad company had a prior lien for the money paid to the bondholders of another company as interest. As the mortgage holders now endeavor to foreclose, it is held that they must first repay the money thus advanced for the payment of their interest in past years. But it is sensibly observed that if this and similar claims are to be recognized as taking precedence of a mortgage, there is really no practical limitation to the number or amount of such obligations that may be created. For the court does not inquire whether the supplies thus furnished were only such as were immediately necessary to the conservation of the property, and they may have been purchased only for betterments or additions thereto. It need hardly be said that this decision paves the way for introducing many frauds, whereby the rights of bondholders may be defeated. The managers of corporations may purchase supplies and materials which they may think for the best interest of the stockholders to have purchased, and under this decision the bondholders have no redress, but the amount may be deducted from their claim before it can be enforced. Perhaps there may be something peculiar in this mortgage, and we hope that this is the case; for if this be regarded as a correct construction of the mortgages usually given, it will greatly impair their value. That they are absolute in their character and cannot be attacked or set aside by any other claims, is the basis of their popularity. Should this belief prove to be delusive, investors will know not where to put their money in such ways as to secure

it permanently, however low be the rate of interest. First-class mortgages have been ruling high in this country, on the supposition that the security was good and beyond all danger of attack. But this decision we fear will create alarm in this regard, and do not a little to render investors unsettled with respect to the value of their securities.

FREIGHT RATES AND THE IRON TRADE.

Now that the iron interests in Pennsylvania especially, and in some other States, are suffering, they are looking to the transportation companies for relief. Competition among them has become excessive, and especially since the manufacture of cheap iron in Alabama. The *Iron Age* has published some valuable tables of rates for transporting iron products in Pennsylvania, and also in Alabama, to St. Louis, Chicago, Cincinnati and other places. These figures bring into strong relief the advantage of the Southern producer over his northern rival. The northern manufacturer must, if possible, improve the condition of his plant, or get lower rates of transportation, or he will be permanently driven from the field. In view of the advantages possessed by the Southern manufacturer, no small amount of northern capital has gone into Alabama within a few years, and more is likely to go there in a short time. What shall the northern railroad companies do to afford relief to their too hard-pressed customers? Shall rates be reduced, or shall they be maintained regardless of consequences? From one point of view, the interests of manufacturer and transporter are identical, for if competition becomes so sharp as to compel the manufacturer to close, then of course the transporter will lose the profits formerly won from him. On the other hand, if rates are reduced, the transportation company, of course, will get a smaller profit. This statement of the problem shows how very complicated it is, the difficulties in the way of making rates that will be fair all around. The Interstate Commerce law also complicates the problem; if it were possible for a transportation company to become a kind of partner in sharing the gains and losses of the manufacturer—in other words, of varying the tariff to meet the changing conditions of trade and manufacture—such an arrangement would be a violation of the Interstate Commerce law. This establishes a hard and fast line which the transporter must obey, and therefore he can only advance or reduce rates in conformity thereto, and each manufacturer must suffer the consequences. If this law were repealed, then it would be possible

for a transportation company, though very difficult indeed, to find out the condition of each manufacturer whom it was serving, and make such rates as traffic would bear, varying them from time to time to suit the conditions of his business. This, we repeat, would be a very difficult thing to do, but it is possible, in the absence of the regulations which must be observed under the Interstate Commerce law. While that exists it is very difficult for the transportation companies to afford much, if any, relief, and yet if they do not, doubtless many of the manufacturers must abandon their works and retire altogether or go to a more favorable section of the country to continue their business.

The Pennsylvania Steel Company several years ago, with that far-sightedness which has characterized the management of the company from the beginning, seeing that transportation would be one of the most important elements in production in the near future, began the erection of a large plant at tide-water to command low transportation rates. Thus it will be enabled to continue to manufacture at less cost than its eastern rivals. One thing is certain, the present rates are so high, in proportion to the value of the product manufactured and other items of production, that relief of some kind must be speedily found, or companies will close or fail. This is one of the risks taken by a person or company engaged in production, but which is too often overlooked by those who howl at the profits acquired in production. Manufacturers have indeed had their seasons of great profits, but of late years these have been short and followed by longer periods of depression, shrinking resources and wasted capital. The only fair way to test the prosperity of a company is, what has it earned in ten, fifteen, or twenty years, or longer? While many of them have made money rapidly, they often lost as rapidly, and at the present time there is only a small gain accruing to even the best of them, while the others are running at a loss. Thus the hazards of manufacturing are growing greater every year. Judging from the present outlook, the producers of iron are not likely to see better times for several months, or years perhaps, and thus the gains of two or three years past may nearly all be swept away before good times return, unless relief can be given by the transportation companies, or comes from an unexpected quarter.

HISTORY OF THE MASSACHUSETTS SAVINGS BANKS.

It is a fact, well-nigh universal, that those institutions and organizations which have blessed humanity most widely, have been the immediate outgrowth of conditions of practical necessity on the part of the common people. Unable, by virtue of limited resources, to do for themselves that which the common weal has imperatively demanded, the interests and needs of the masses have always, and rightfully, been cared for and supplied either by the philanthropy of individuals or by legislative decree. Hence, this fact in mind, it is the occasion of no surprise to find, upon investigation, that the Institution for Savings had its origin in the purpose, on the part of benevolent individuals, to encourage habits of frugality and thrift among the poor and indigent, in this and other countries.

This idea, from its inception, has been so largely and gradually a development from a remote and but vaguely defined principle, that it is somewhat difficult to indicate just how and when and where it first saw the light. It is known, however, that among the other excellent things suggested by Daniel Defoe was the propriety of providing for and encouraging small savings among the common people. This was in 1697. Nearly a century later we find that this idea had been embodied more or less distinctly in certain institutions in Brunswick (1765), Hamburg (1778), Oldenburg (1786), Loire (1790), Basel (1792), Geneva (1794), and Kiel in Holstein (1796). Regarding these institutions, Mr. Lewins, in his "History of Banks for Savings in Great Britain and Ireland," remarks: "That, from the best investigation I have been able to make, the institutions in question were something very different from savings banks as English people understand them, dealing, as they did, in business more like the sale of deferred annuities. The institution at Hamburg simply took the spare cash of servants and handicraftsmen, and granted annuities on the members arriving at a certain age. No withdrawal of money was allowed."

It is Jeremy Bentham who is credited with having revived the theory of Defoe in Great Britain, when, in 1797, he suggested what was known as the Frugality Bank. His plans were actually put in practical operation, in 1799, by Rev. Joseph Smith, of Wendover, who volunteered to receive from his parishioners any deposits of money which they might choose to make with him during the summer, the same to be returned, if desired, at Christmas, with the addition of one-third the amount, as a bounty upon the frugality of the depositor.

In 1798, a Mrs. Priscilla Wakefield established a "Friendly Society for the Benefit of Women and Children," at Tottenham. This appears to have been, also, an institution for the granting of annuities; but, in 1801, it united with this original purpose a "fund for loans and a bank for savings." In 1804, this institution was formally organized as a bank for savings.

Waiving the matter of the special claims to priority preferred by the adherents of any of the persons mentioned in connection with the founding of these early institutions for savings as being unimportant in this connection, we feel obliged to mention the name of Rev. Henry Duncan, minister at Ruthwell, Dumfriesshire, Scotland, as deserving special prominence in this early history. For, not only is he known as the founder of the first savings bank in Scotland, in 1810, but he accomplished more than any other individual, by making known throughout Great Britain the practical value of the system, and by reducing his theories to a simple working basis. He published various papers on the subject, and gave his personal services in organizing similar institutions in Scotland and England. His was the first self-sustaining bank; and it was used as a model for similar institutions for a considerable period.

It should here be observed that these early institutions were purely voluntary in their nature, having neither Government recognition nor control. They were dependent for support and for credit upon the public confidence in the management; and it is but just to say that the confidence thus bestowed was rarely abused.

The first savings bank in Great Britain authorized by Parliament was by act of that body passed August, 1817.

INCEPTION IN UNITED STATES.

The foregoing history of the early development of the institution for savings in Europe, and especially in Great Britain, has been considered necessary to an intelligent understanding and appreciation of its beginnings in this country.

The outcome of the War for Independence, while in many ways advantageous to the people, was, in certain respects, disastrous to their immediate interests. It left them poor in means and unsettled in habits and principles. Wages were low and prices were proportionately high. The law of self-preservation seemed to actuate and control individuals in their mutual intercourse and relations. The elements of thrift were not a common possession among the masses. It was to meet and to provide for such conditions that the highest intellectual resources of legislators and philanthropists were called into action.

To this end it was attempted to regulate wages by establishing

by law a minimum price for the same. Failing in this, a similar endeavor was made to fix the limit beyond which prices should not rise for the necessities of life. The omnipotence of the law of demand and supply seems not to have been recognized in any of these abortive attempts to ameliorate the condition of the common people. Later, and with the sanction of the laws of the States, lotteries were commonly established for purposes of revenue for public and charitable enterprises. But, in all such endeavors, the snake was only scorched, not killed. It still remained for some enterprising and far-sighted person or persons to inaugurate such a system of practical beneficence as would, slowly it may be, but none the less surely, educate the people up to such a condition of self-help as would, in the end, provide a satisfactory solution of the troublesome enigma.

From this time on, the progress of the idea of providing for and encouraging the savings of the common people was quite rapid, and coincident with the similar agitation in Europe. Here, as there, many local and voluntary associations came into being having this idea more or less distinctly defined in their articles of association. It took but a brief period to demonstrate the practicability of the embodied principles of the system, although it was equally evident that other and more effectual methods would be necessary to place such principles on a basis of permanency.

BEGINNINGS IN MASSACHUSETTS.

The agitation grew apace in Massachusetts. Foremost among the Colonies to recognize the common necessities, and to contribute her proportion toward the support of every enterprise affecting the well-being of the whole people, Massachusetts did not wait for a leader, when, acting in her sovereign sphere as a State, she could contribute anything toward the betterment of her own citizens. Hence, it was simply in keeping with all her antecedents that Massachusetts should lead the movement in favor of the establishment of Institutions for Savings. Not only was the first of such institutions under legal enactment in the United States founded in Boston, but the Act of December 13, 1816, is, so far as known, the first public act of legislation in the *world* investing such institutions with the protection of law.

The Hon. James Savage, of Boston, has credit for having taken the first active measures looking toward the founding of a Bank for Savings in Massachusetts. The first public announcement of the proposed plan was made in the December number of *The Christian Disciple*, a religious paper published at the time in Boston. As announced, the purpose was: "For the security and improvement of the savings of persons in humble life."

That those who had the matter in charge were very much in earnest, is evident from the fact that, on the thirteenth day of the very month on which the first announcement was made, the act of authorization was approved by the Legislature. Forty-eight names appear in the original list of trustees of the institution—names that have a familiar appearance to one acquainted with the annals of Boston during that period.

At the time the Provident Institution for Savings opened its doors, the city of Boston had a population of between 35,000 and 36,000. The banking capital of the State was \$11,475,000, and of the nation \$125,000,000. This last fact is significant, as indicating the comparative maturity of the general banking business of the country at the inception of the Institution for Savings.

FIRST INSTITUTION FOR SAVINGS.

The Provident Institution for Savings, in the town of Boston began business in the spring of 1817. It is noticeable that neither in the charter of this institution, nor in the charters of similar organizations granted previous to 1833, does the word "bank" appear in any instance. It is supposed that this distinction was made, and the term "Institution for Savings" employed, for the purpose of avoiding a certain sentiment of antipathy, which, at the time, appeared to be entertained toward the existing "banks" by the common people.

The trustees of the "Provident" promised to divide to its depositors one per cent. quarterly, and more if possible. The first dividend was declared the 1st of the following July, according to agreement. Afterward, until January, 1822, the quarterly dividend was one and one-fourth per cent., at which time the deposits had reached \$600,000, and a surplus was held of \$6,200. The quarterly dividend was then reduced to one per cent., with the purpose of dividing the reserve every five years by means of an extra dividend; such dividend to be apportioned to depositors on the basis of the amount and the time of the deposit. Out of the then existing surplus an extra dividend amounting to \$8,000 was paid, according to the above plan, July 1st following.

In 1827, this institution appears to have had \$34,000 in reserved profits on a total deposit of \$793,000. At this time a second extra dividend was declared. In 1832, the expiration of the second period of five years, the number of depositors was 60,500, and the deposits \$1,442,000. The crisis of 1837 entailed such losses on this institution, in common with all others, that it was unable to pay its usual extra dividend, although it had paid with commendable regularity the quarterly dividend of one per cent. through the period.

The losses to these institutions during the crisis of 1837, suffered largely through their investments in bank stock, either directly or where held as collateral for loans, reached, it is estimated, the round sum of \$275,000.

Previous to the passage of the general law, in 1834, the institutions for savings were subject to no legal restrictions save such as were imposed by the terms of their respective charters; and, moreover, they were permitted to institute such laws for their own government as were not contrary to the laws of the commonwealth. About the only provision made for the supervision and inspection of these early institutions by the Government was the following, taken from the charter of the New Bedford Bank, and which is repeated in substance in most of the other charters: "The officers and agents of said institution shall lay a statement of the affairs thereof before any persons appointed by the Legislature to examine the same, whenever requested so to do, and shall exhibit to them all the books and papers relating thereto, and shall submit to be examined by them the same, under oath. And the Legislature may, at any time, make such further regulations for the government of said institution as they may deem expedient, and may alter or repeal this act at pleasure." It is very creditable to these institutions that this provision of their respective charters was rarely called into effect.

Between 1816 and 1833 twenty-two charters were granted, fourteen of this number being granted subsequent to 1828. Two other institutions were incorporated, but failed to take out charters. The last act of incorporation, prior to the passage of the general laws, was approved in March, 1833. By it the Savings Bank for Freemen, in the city of Boston, came into being. It was at the same session of the General Court that authority was given the Provident Institution to purchase real estate to an amount not exceeding \$30,000.

ORDER OF BANK CHARTERS.

Inasmuch as those banks chartered previous to the enactment of the general law of 1834 have an interest all their own, by virtue of their priority, it has been considered desirable to name them in this connection. They will be found in the order in which the charters were granted:

Provident Institution for Savings, in the town of Boston, December 13, 1816.

Institution for Savings, in the town of Salem and vicinity, January 29, 1818.

Institution for Savings, in the town of Portland and vicinity, June 11, 1819; not organized.

Institution for Savings, in Newburyport and vicinity, January 31, 1820.

Provident Institution for Savings, in the town of Hallowell and vicinity, February 21, 1820; not organized.

Institution for Savings, in the town of Roxbury and vicinity, February 22, 1825.

New Bedford Institution for Savings, June 16, 1825.

Lynn Institution for Savings, June 20, 1826.

Provident Institution for Savings, in the town of Taunton and vicinity, February 26, 1827.

Springfield Institution for Savings, June 16, 1827. Original charter limit, thirty years.

Institution for Savings, in the town of Haverhill and vicinity, February 8, 1828.

Worcester County Institution for Savings, in the town of Worcester, February 8, 1828.

Provident Institution for Savings, in the towns of Salisbury and Amesbury, February 20, 1828.

Fall River Institution for Savings, March 11, 1828.

Plymouth Institution for Savings, June 11, 1828.

Lowell Institution for Savings, February 20, 1829. Original charter limit, thirty years.

Warren Institution for Savings, in the town of Charlestown, February 21, 1829.

Institution for Savings, in the town of Barnstable, January 29, 1831.

Provident Institution for Savings, in the town of Gloucester and vicinity, February 3, 1831.

Dedham Institution for Savings, March 19, 1831.

Institution for Savings, in the town of Newton, June 17, 1831.

Institution for Savings, in the town of Fairhaven, February 10, 1832.

Weymouth and Braintree Institution for Savings, February 16, 1833.

Savings Bank for Seamen, in the city of Boston, March 7, 1833; name changed to Suffolk afterward.

As has been stated, of these twenty-four institutions as incorporated, all but two commenced business, and with the exception of the Taunton, which failed in 1843, the Gloucester in 1844, and the Barnstable in 1878, all are in existence at the present time.

To assist in a more intelligent comprehension of the very remarkable progress of these early institutions, the following table has been prepared, giving the number of depositors and the total amount of deposits in each institution in 1834, and also in 1887, the year of the latest available returns. The Springfield Institution appears to have made no returns in 1834, owing, no doubt,

to the fact that its deposits were too small to justify a statement. Leaving this item out of the calculations in 1834, and also omitting the three institutions which had failed prior to 1887, is it not, truly, a remarkable showing, that the number of depositors increased from 24,252 to 310,293, and the total deposits from \$3,406,935, to the significant figure of \$122,940,940. The average deposit in 1834 was \$140, while in 1887 it was \$392.

TABLE SHOWING COMPARATIVE CONDITION OF TWENTY-TWO SAVINGS BANKS IN 1834 AND 1887.

Date.	Name.	1834.		1887.	
		Accounts.	Deposits.	Accounts.	Deposits.
1816..	Boston. Provident.....	11,495	\$1,686,202	72,955	\$26,897,853
1833..	Boston. For Seamen*.....	272	32,937	40,292	20,045,975
1831..	Barnstable†.....	142	17,160	—	—
1831..	Dedham.....	538	61,166	5,307	1,990,266
1832..	Fairhaven.....	102	9,102	816	429,021
1828..	Fall River.....	335	46,692	10,995	5,459,623
1831..	Gloucester‡.....	240	20,014	—	—
1828..	Haverhill.....	327	25,731	12,075	4,109,421
1829..	Lowell.....	1,026	114,105	10,846	3,775,382
1826..	Lynn.....	461	33,646	8,348	2,720,345
1825..	New Bedford.....	1,162	207,764	20,091	10,413,463
1820..	Newburyport.....	1,513	232,460	10,840	4,893,275
1831..	Newton.....	61	1,829	6,253	1,524,901
1828..	Plymouth.....	703	91,672	6,302	2,101,455
1825..	Roxbury (Boston).....	668	83,913	11,060	4,017,894
1818..	Salem.....	2,205	360,852	16,633	6,844,981
1828..	Salisbury and Amesbury.....	263	30,557	5,137	1,739,530
1827..	Springfield§.....	—	—	23,642	9,325,298
1827..	Taunton.....	845	121,938	—	—
1829..	Warren (Boston).....	622	62,556	15,407	5,958,070
1833..	Weymouth.....	26	1,097	1,732	554,773
1828..	Worcester.....	1,246	165,542	22,502	10,109,394
		24,252	\$3,406,935	310,293	\$122,940,940

* Name changed to Suffolk.

† Failed in 1878.

‡ Failed in 1844.

§ Not reported in 1834; probably too small.

| Failed in 1843.

WILLIAM WOODWARD.

[TO BE CONTINUED.]

THE AMERICAN DEBT.

THE FINANCES OF THE UNITED STATES FROM 1861 TO 1887.

BY E. MASSERAS.*

[CONCLUDED.]

The increase of redemptions in the last years is explained by the continued decrease of the amount of annual interest to be paid, reduced simultaneously by the redemptions and the refundings. In 1866 this item figured in the accounts of the United States for more than \$140,000,000. Ten years later, in 1876, it is already only \$100,000,000, that is, it has been lowered by nearly a third. From 1876 to 1886, a descending progression even more rapid makes it fall to \$50,000,000. After the extinction of the 3 per cents., which must now be finishing, the interest on the Government debt remaining out will hardly call for more than \$40,000,000. Compared with the starting point, the difference represents \$100,000,000 a year.

The course of political events has lately furnished a curious coincidence in this connection.

In 1865, at the time the war was ending, Mr. McCulloch took the office of Secretary of the Treasury in the face of a burden of debt exceeding \$2,800,000,000, with an average interest of 6.34 per cent., which required an expenditure of \$150,000,000 a year.

On the 1st of November, 1868, just before his retirement, Mr. McCulloch submitted to Congress his last report, showing the debt already reduced to \$2,400,000,000, the average interest to 5½ per cent., and the annual charge to \$130,000,000.

Recalled to his old place in 1884, the same officer found the debt reduced to a capital of \$1,800,000,000, the average interest to 3.92 per cent., requiring only \$60,000,000 a year.

He was thus privileged to feel a just pride on seeing the progress made in the path that he had opened eighteen years before, with so much foresight and energy.

To recapitulate, on the 1st of January, 1887, the United States bonds still in the hands of holders comprised only the following:

4½ per cents., payable in 1891.....	\$250,000,000.
4 per cents., payable in 1907.....	738,000,000.
3 per cents., redeemable at pleasure.....	64,000,000.

This last category must be completely redeemed and have disappeared from the market at the present time. As for the two others, the Government at Washington sees itself constrained to

* Translated from the French, by O. A. Bierstadt.

wait for the end of the time it assigned to them itself in the laws of their issue, that is, until 1891 and 1907. If it had not thus bound its own hands, it could now pursue the work of liberation, and set about finishing with these last legacies of the Civil War. But who could foresee that in 1887 the Federal Treasury would be in an embarrassment of riches, with a specie reserve of \$300,000,000, and a surplus revenue that it is obliged to hoard up in spite of itself? As for the 4½ per cents., there will not be long to wait, since they become payable in less than four years; but the 4 per cents. have yet twenty-three years to run. This explains the apparent anomaly of their prices in the market, where the 4½ per cents. are quoted at 113, while the 4 per cents. are negotiated at 135. The latter price, which hardly represents a capitalization at 3 per cent., speaks for itself, and, by a favor enjoyed by no other Government loan, is identical in all the markets of the world. The English consols hardly possess an equal credit in their own market.

In fact, the \$1,000,000,000 of bonds just enumerated represent almost the whole of the American debt. The Treasury at Washington has indeed in its liabilities two other items, forming a total of a little more than \$600,000,000; \$356,000,000 of paper money, which the cessation of the forced currency has not prevented from remaining in circulation, and \$282,000,000 of certificates of deposit, payable on demand. But, besides that neither of these bear interest, they are almost compensated for by the specie reserve accumulated in the public vaults. They form, therefore, properly speaking, only a nominally uncovered balance, and it is proper to say that the United States do not owe in reality more than \$1,200,000,000. In 1892, after the redemption of the 4½ per cents., they will owe, at the most, but \$800,000,000. They will then have diminished their debt by \$2,000,000,000 in twenty-seven years.

And to have the exact measure of their financial power, to this figure must be added the sums from the current receipts paid from day to day in settlement of other charges than the redemption of the debt. The \$2,800,000,000 representing the debt in 1865 are indeed but a part—less than half—of the real cost of the Civil War. In the *Financial History of the United States*, a very elaborate work recently published at New York, the author, Mr. Albert S. Bolles, gives on this subject a very curious statement. Taking from each annual budget the expenditures directly or indirectly caused by secession, he shows that, from 1861 to 1879, the disbursements on this special account exceeded \$6,200,000,000, that is—\$6,200,000,000 were expended outside of the ordinary Government expenses. As payments on the same account are far from having ceased, as they will still recur for a long time, in the form of interest on the debt, pensions, etc., almost double

this figure will be reached in about thirty years. To which must be added, if everything is to be counted, the sums furnished by each State and left to its separate liabilities.

Where can another example be found of a nation's fortune passing through such shocks, almost without retaining a trace of them, nor having to be disturbed by the reaction?

VI.

THE FEDERAL RECEIPTS AND EXPENDITURES.

The war of secession carried the United States singularly far away from the time when the prospect of a budget exceeding \$60,000,000 occasioned loud outcry. Now, receipts and expenditures amount to five times this sum. But it is clear that the transformation is far from having been effected by a measured progression. From 1861 to 1863, the Treasury took in hardly \$200,000,000 of regular revenue, while it paid out \$1,200,000,000. 1864 inaugurated a new era for the Federal Treasury, bringing to it \$240,000,000 furnished by the raising of the tariff and the creation of internal taxes; 1865 made the receipts go up to \$360,000,000; but the first of these years absorbed \$800,000,000 and the second \$1,300,000,000. The four years combined, in consequence, give a revenue of \$800,000,000 against expenditures of \$3,400,000,000 or \$3,600,000,000. The appeal to credit in all forms had to make up the difference. These figures summarize the formation of the American debt.

With the re-establishment of peace begins an inverse phase. From 1866, the equilibrium is restored; the receipts rise by an enormous jump to \$520,000,000; the expenditures, relieved from the support of the armies, fall to nearly the same total. In 1867 the deficit disappears definitively, to give place to a surplus of over \$100,000,000: \$460,000,000 being taken in, and only \$346,000,000 being paid out. From that date the figures vary, but the leading feature of the financial situation continues to be the surplus of the revenue. This revenue oscillates between \$400,000,000 and \$320,000,000; the expenditures hover around \$300,000,000. A constant reduction of the interest on the debt compensates for the increase of certain appropriations, particularly of the pensions.* The war and navy appropriations have gone back to their normal proportions.† Finally, the Government Treasury can count upon an annual surplus of \$40,000,000 to \$100,000,000.

* This item, which took in the beginning only about \$20,000,000, absorbed last year \$63,400,000. Abuses and frauds without number, joined to the almost exaggerated liberality of the Government, have made a regular inroad into the finances.

† The most striking phenomenon is indisputably the reduction of these two expenditures, which might have been expected to keep some of the development which they had assumed during secession times. The war appropriations, reaching \$700,000,000 in 1865, are now \$34,000,000; those of the navy have dropped from \$85,000,000 to \$14,000,000. In 1862, the

Until the present time the surplus revenue had its employment indicated in the redemption of the loans. This employment is wanting, now that all the matured bonds are retired. Consequently, at Washington a problem has to be faced entirely new in the domain of financial questions: namely, what is to be done with all the money. This problem, which does not look like a problem, and the statement of which almost makes one smile, causes, however, a very real and even serious difficulty, especially in a republic. The plethora of the Treasury has not only the inconvenience of burying in idle accumulation and withdrawing from business a growing portion of the specie; it excites covetousness, develops corruption, and urges on to extravagance. It is dangerous wealth for a Government, as well as for a private individual, to be able to spend without counting. Pernicious propositions and inconsiderate votes have already given public opinion a warning that avarice is awake and that the temptation is beginning. In 1882, the presidential message called the attention of Congress to the subject. That of 1886 returned to it with insistence. Congress remaining inactive, in spite of repeated appeals for its intervention, President Cleveland put the question in terms that did not allow of eluding it any longer.

Nobody in the United States is ignorant of the means of preventing the superabundance of the Government revenue: it is the reduction of the duties on imports. But the protectionist tariff had become a sort of holy ark, which nobody dared now to lay hands on. After having profited by the financial necessities of the Civil War to install their system, the partisans of extreme protection have brought everything into play to indefinitely prolong a state of things that realizes their ideal. They have not confined themselves to uniting in an almost invincible coalition the manufacturers interested in excluding foreign products from the American market in order to remain masters of it and to command their own prices. They have propagated, among the working classes, the belief that every facility of entry granted to merchandise from abroad would result in lowering their wages by reducing domestic production. "The depreciation of national labor!" These sorts of formulas, once driven into the mind of the people, come out with great difficulty. As each working man represents a vote on election day, there is thus formed an electoral force subordinating its political preferences to calculation, and disposed to reject without further examination, as an enemy of its welfare, every candidate suspected of leaning towards free-trade. On their side,

war expenditures were \$23,000,000, the navy expenditures \$12,000,000. The difference is evidently about nothing, if account be taken of the twenty-five years elapsed. The most notable progression in American expenditures (after the pensions) is in the civil service, which from \$6,000,000 has passed to \$24,000,000.

the aspirants for the favors of universal suffrage, not anxious to compromise their chances of success by professing unpopular opinions, have made up their mind to pass over the tariff question in prudent silence. It had even finally disappeared from the Democratic programme, of which it was formerly the chief feature. Some few vague allusions, risked to ease the conscience, wrapped in reticence that divested them of all practical application, were the most that was allowed.

Hitherto, Mr. Cleveland had resigned himself to these tactics of abstention; and perhaps it must be admitted that he owes to them his having arrived at the presidency. With a pronounced opinion in favor of the revision of the tariff, the majority of the voters would probably not have followed him. During the first thirty months of his administration he remained shut up in the same reserve, and his party with him. The prospect of an almost assured re-election seemed one reason the more for his continuing to leave unconsidered so difficult a subject. To the general surprise, on the contrary, his message of December 6, 1887, puts categorically on the order of the day the subject before which everybody recoiled. He indicates without evasion the reduction of the duties on imports as an urgently needed measure, necessary alike to the Treasury, and to commerce. In this—not in any of the other expedients proposed—he desires the means should be sought of reducing the revenue to normal proportions. This is all the more necessary, because the present tariff, badly balanced, unjust, and dangerous to the prosperity of the country, favors in reality only the monopolists and the combinations of private interests.

This vehement attack produced all the more effect, because nothing in the President's previous language was of a nature to hint that Mr. Cleveland would thus risk his popularity. The step that he decided to take has, however, the merit of coming at a very opportune time. The embarrassment of riches is still increasing, and with it the feeling that it is well to put an end to the sterile accumulation of specie in the public Treasury. On the other hand, twenty-five years of protection, imposed on merchants and consumers, have exposed the bad sides of this fallacious doctrine. There is nothing impossible, therefore, in this, that, the first surprise once over, Congress may adopt the idea of joining the question of the surplus revenue to that of the tariff, and may decide to solve the one by the other.

VII.

Notwithstanding the visible change that has followed the war, this did not pass over the United States without creating some precedents of centralization. Although the institutions have resumed

their working, they have none the less traversed four years of new practices. Invested by circumstances with attributes and powers that the authors of the Constitution had taken jealous care to forbid, carried on by events to exercise, in the name of the national safety, a political and civil as well as a military dictatorship, the Washington Government has now returned within the limits of its constitutional character; but it has acquired and preserved the right to step outside of them. The impression left is particularly deep in the financial department. The Secretary of the Treasury has ceased to be the simple Federal accountant that he was. The organization of the national banks has virtually placed under his control a class of establishments that were previously responsible only to their stockholders and their respective States. The collection of the internal revenue taxes by officials of the central administration makes the latter's action and influence radiate over the whole country. The long list of lavished pensions has introduced among the people the habit and the taste of living on the public fortune. Finally, the extension of the receipts and expenditures causes an annual movement of hundreds of millions, which, imposing heavier responsibilities on the men charged with handling them, adds considerably to the power of their position.

The promptitude of the American people in resuming their regular life after 1865; their facility in breaking off the military life to which they were supposed to be permanently devoted; their no less surprising facility in supporting the political and social consequences of the abolition of slavery, recall unceasingly that one must not judge what is happening at home by what would happen elsewhere. It would be strange, nevertheless, if the transformation effected in the financial domain should not have its influence upon the future. The most violent political shocks pass away; the administrative changes remain, with the expansive force that permanence gives. The independence of the States of the Union is still the same, only the central administration has put its foot within their doors.

The history of the American debt would call for still other reflections, if they did not go outside of the scope of a purely financial study. But the dominant impression that it leaves is a real admiration for the spirit of consistency that is shown from one end to the other of it. Looking at it as a whole, one might imagine a single will had ruled over it all. And yet, in the course of these twenty-five years, the management of the Treasury has changed hands a dozen times; there have been seven different Presidents; the members of Congress have been renewed in twelve elections. It would not have been a matter of surprise if the reaction of political evolutions had made itself felt in the progress of the finances. It is still easy to understand how, during the

critical years, the differences of opinions were dominated by the resolution of preventing at any price the dismemberment of the Union. But, after the victory as well as during the conflict, one single and constant thought inspires all the men that succeed each other in the conduct of affairs: to relieve the future without fear of burdening the present, to free the nation as quickly as possible from its load of debt. Each receives this thought from his predecessor as a patriotic mandate, which he must strive to execute, sacrificing, if necessary, his own personal opinion. Some put into it more conviction, foresight, and skill; others lose time in beating about, or are stopped by obstacles and resistance; but not one deviates from the line marked out; not one deserts the programme; not one yields to the temptation, so frequent, of proving that he can do better than his predecessor. This persevering community of efforts would be everywhere worthy of attention; it is doubly striking in the country that has given birth to the word "politician," because the interested policy of persons or of cliques prevails there the most frequently. It is seen to live through everything. Contradictory prejudices and opinions on the management of the public fortune divide the capitalists and the press; these divisions appear in Congress in debates that go even to violence; during this time, the men charged with the Government, whatever may be their antecedents, their origin, and their affiliations know but one device and pursue but one aim: the extinction of the debt.

That the work reputed impossible has arrived at the marvelous success which we see is principally due to this persistent unity of speech and action. If, among the men called one after another to put their hands to it, a single one had left the road and ventured upon a change of system, either from preconceived ideas, or with a view to please his electors, nothing more would have been necessary to compromise the success. If the hesitation and distrust of capital have been finally vanquished; if the Federal securities have conquered the credit making possible the successive refundings; if the American Nation has been induced to accept burdens from which it had flattered itself it would be delivered with the war; all this has been done by first dissipating every feeling of instability. The enthusiasm appeared only when it became certain that the United States would keep their financial question outside of the tergiversations and vicissitudes of politics. And this certainly could only be given by a firmness of conduct not to be forgotten.

This is a last lesson that completes the others.

LIABILITY OF DIRECTORS OF A SAVINGS BANK.

SUPREME COURT OF APPEALS OF VIRGINIA.

Marshall v. Farmers' & Mechanics' Savings Bank.

The president of a savings bank misappropriated its funds and overdrew his accounts, and a brother of the president, and corporations of which the officers and directors were also officers, largely overdrew their accounts, and were loaned large sums by the bank with little or no security, though such borrowers were irresponsible, and another borrower was permitted to withdraw his security. The directors, though required to meet weekly, met but once, twice or three times a year, and never caused the books to be examined, nor called for statements of accounts with other banks. The capital of the bank was small, and much of it was not paid up, and the paid up portion was treated as a loan. The bank, on suspension, was able to pay but ten per cent. on the deposits. *Held*, that though the directors were ignorant of the affairs of the bank, and were not guilty of bad faith, they were guilty of such negligence as rendered them liable to the depositors.

LACY, J.—The suit was brought by the appellant, James A. Marshall, for himself and on behalf of the other creditors of the appellee corporation, the Farmers' and Mechanics' Savings Bank of Virginia, a broken bank, to reduce into possession and distribute among said creditors the assets of the said bank, and to charge the individual defendants, who were the officers and directors of said bank, with the difference between the assets and liabilities of the said bank, upon the ground that the said directors had not had a meeting for at least one year prior to the first day of December, 1876, the date of the suspension and failure of the said bank, and for at least one year prior to the ascertainment of the embarrassed condition of said bank, which occurred some time before its said suspension, and that they did not give that care, supervision and attention to the business affairs of said corporation which the duties of the office, and the nature of the trust reposed in them required; but, on the contrary, neglected the same, and intrusted entirely the business concerns of the bank to the president and one, and possibly two, directors, who recklessly and improvidently loaned the money and securities of the said defendant corporation to various embarrassed and insolvent corporations, firms and individuals, without taking proper and sufficient security for the protection of the depositors and creditors of the said bank, and being themselves connected with or interested in said embarrassed and insolvent corporations; by reason of which said conduct upon the part of said directors, the appellant insists that heavy losses have fallen upon the bank, and that the said directors are individually and personally liable to the depositors and creditors of the said bank for the losses so occasioned by the neglect of the duties of their office as directors. The bank answered the bill of the plaintiff through its president, and the directors answered individually, wherein negligence is denied; and it is also denied that the business of the bank was intrusted wholly to the president; but it is admitted that, "instead of regular formal weekly meetings of the board, as prescribed by the by-laws of the bank, informal meetings were substituted—it being proved soon after the bank went into operation that formal weekly meetings were unnecessary." The questions involved were referred to a commissioner in chancery for examination and report. The commissioner reported that the said directors not only did not exercise ordinary care and diligence, but that they were guilty of gross negligence. *First*. That the board of directors only met in

1873 three times; in 1874 twice; in 1875 once; in 1876 twelve times; in 1877 five times; in 1878 once. *Secondly.* That from the organization of the bank, down to its suspension, December 1, 1876, there never was an examination made by the board of directors, or by any committee appointed by them, of the books, papers, funds, stocks or bonds of the bank, or statement called for from other banks of the account of the said the Farmers' and Mechanics' Savings Bank with them. *Thirdly.* That, notwithstanding the fact that a committee was twice appointed for the purpose, an examination was never made of the books, and no report ever made or called for from the committees appointed. *Fourthly.* That the president, without authority, took from the cash drawer, from time to time, sums of money aggregating \$2,187.33, leaving nothing but tickets for the said sums of money; that in 1874 the said president caused McKim & Co., of the city of Baltimore, to sell the coupon bonds issued by the said the Farmers' & Mechanic' Savings Bank, and deposited with the said McKim & Co., and appropriated the proceeds to his own private use, and never made any entry on the books of the bank prior to September, 1876, overdraw his account \$341.64, and in other ways converted to his own use the property of the bank—said several sums aggregating \$11,713.97; that the directors negligently failed to look at the books, into the cash drawer, or exercise any care whatever to discover these things, and when at last the facts did come to their knowledge they did not remove, but continued this president, and allowed him to manage the books of the bank almost alone. *Fifth.* The account of the Alexandria Passenger Railway Company, which had this same president of the bank for its president for a time, and a director of this bank for its president afterwards, and whose treasurer was the cashier of this bank, was overdrawn \$11,341.91, which was decreased, crediting notes aggregating \$6,500, which were neither paid nor renewed, and the overdraft continued to increase until the suspension of the bank, which was at that time \$7,530.45, but was manipulated so as to make it appear to be only \$674.53. *Sixth.* That one P. B. Stilson borrowed \$2,000 by depositing the notes of one J. A. Clark for \$4,000, secured by a deed of trust in Maryland, and also the notes of one B. G. Daniels. The Clark note was perfectly good, and in November, 1873, Stilson was allowed to withdraw it, and only leave the Daniel notes, which were perfectly worthless. *Seventh.* That the Washington & Ohio Railroad Company, whose president was for some years one of the directors of this bank, was loaned on May 8, 1872, \$5,000, without a meeting of the board, and when the whole balance on hand was \$9,373.98; July 5, 1873, \$3,000 were lent, when only \$6,396.71 were on hand; and on July 17, 1872, \$5,000 were lent, when only \$3,238.49 were the balance on hand. That nothing was ever paid on these notes until the appointment of a receiver. There were numerous other notes aggregating large sums, for the security of which the bank held second mortgage bonds of the road, which proved to be worthless. The commissioner says that from the testimony it may be possible to class the original transaction of making the loan to this company as an error of judgment, but it was more than an error of judgment to sit idly by when the said company did not have the means to pay its renewals, nor take the trouble to renew the notes when they became due, and make an effort to collect the debt, or to require additional security; especially when the testimony discloses that nearly every one else who had loaned money to the road was demanding and receiving additional security, and that the said the Farmers' & Mechanics' Savings Bank was almost the only holder of the notes of the said company, and that the dividends on the collaterals were not sufficient to pay the notes. The evidence

shows that the bonds of the company were sold to pay interest, and that the published statements of the condition of the company disclosed the fact that the earnings of the company were not sufficient to pay the operating expenses and interest on the debt. *Eighth.* That Jameison & Collins owed the bank at suspension \$3,311.62, for which there was no security, and no indorser except one of the makers, and that a new note was discounted for them, amounting to \$1,211.62, a few months before the suspension of the bank, to-wit, on the 30th of August, 1876; this Jameison being the brother of the president. *Ninth.* Robert Jameison, himself not solvent, and the brother of the president, with indorsers, both worthless, was loaned thousands of dollars, and at the suspension owed \$2,300—some of his paper being altogether without an indorser; and the books of the bank showed that a note of Jameison's for \$500, deposited for collection by W. F. Vincent, was protested November 8, 1873; and he reports the names of the directors, and their several periods of service. The capital stock of this bank was only \$10,000, and of that only \$6,200 were paid at the time of the suspension of the bank. The bank closed its doors and ceased to do business December 1, 1876. An assignment of assets was made September 18, 1877. A receiver was appointed May, 1878. The commissioner classifies the directors and their periods of service, and ascertains the amount for which the several classes are in his judgment liable. He ascertained that Robert Bell, Jr., Emanuel Francis, William Cogan, Andrew Jameison, and the estate of John W. Stewart are severally liable for principal and interest to March 15, 1886, \$38,574.32; that said Robert Bell, Jr., Emanuel Francis, William Cogan, Andrew Jameison and John W. Stewart were directors of the bank from its organization to the appointment of a receiver; that Lewis Stein's, John P. Agnew's and John C. Graham's estate are severally liable for the amount of \$35,917.09—the said Lewis Stein, John P. Agnew and John C. Graham having been directors from May 13, 1873, to the appointment of a receiver; that Lewis McKenzie's and Jefferson Tacey's estate are severally liable for \$21,682.71.

This report was excepted to—*First*, to the amount of principal ascertained by the commissioner to be due to the depositors, and allowing 6 per centum interest thereon; (2) to the amounts ascertained by the commissioner to be due from the several debtors of the defendant bank, and also to the amount of the overdraft of the Alexandria Passenger Railway Company; (3) to the special commissioner's finding the facts proved; (4) to the conclusions of the said report by which they are held responsible for the several sums reported as respectively chargeable to them on account of alleged negligence, and of improper conduct in the discharge of their duties as directors; the evidence taken in the cause being wholly insufficient, as these defendants allege, to show any negligence or improper conduct, which show either of said defendants so liable.

On the 30th of March, 1887, the Circuit Court of Alexandria city rendered a decree in the cause, whereby "the said report, so far as it finds the directors of the Farmers' and Mechanics' Savings Bank, or any of them, personally responsible for the losses sustained by the bank, be, and the same is, overruled—it appearing to the court that no such dereliction of duty on their part is shown as to fix upon them such personal liability; and that as to the said directors, and the personal representatives of such as are dead, the plaintiff's bill be, and the same is hereby, dismissed, with costs. It is further adjudged, ordered and decreed that the said report be, and the same is hereby, confirmed and ratified in all other particulars." From this decree the plaintiff applied for and obtained an appeal to this court.

By the appellees no error is assigned, so the question involved here does not raise any other question than the single inquiry, was there such negligence on the part of the directors of this bank as to make them, or any of them, personally liable for its losses? There is no dispute as to what the losses have been, and their several amounts, and of the terms or periods as to which each director is liable, if at all. The appellees insist through their learned counsel that, while there have been errors of judgment, and unfortunate loans made, there has been no negligence. The liability of directors for losses growing out of their mismanagement of the concerns of the bank, and their negligence in the discharge of their duties, has been often the subject of judicial investigation and decision. It is a question at this day well understood by the profession, and is not controverted to any degree by the learned counsel in this case. We find the settled rule upon this subject well stated in a recent work of great practical usefulness. The American and English Encyclopædia of Law, under the head "Banks," speaking of directors, says: "The directors of a bank have the general control and government of its affairs, and constitute the corporation. They are bound to exercise ordinary skill and diligence, and are liable for losses resulting from mismanagement of the affairs and business of the bank"—citing *Society v. Underwood*, 9 Bush. 609, which appears to have been criticised in *Zinn v. Mendel*, 9 W. Va. 580-597, and by Mr. Redfield in 13 Amer. Law Reg. (N. S.) 218; *Dunn v. Kyle*, 14 Bush. 134; *Brinckerhoff v. Bostwick*, 88 N. Y. 52; *Chester v. Halliard* 34 N. J. Eq. 341; *Spering's Appeal*, 71 Pa. St. 11. There it is further said: "But for excusable mistakes concerning the law, and for errors of judgment when acting in good faith, they are not liable"—citing *Spering's Appeal*, *supra*; *Dunn v. Kyle*, *supra*; *Godbold v. Bank*, 11 Ala. 191; *Hodges v. Screw Co.*, 1 R. I. 312. (See 2 Amer. & Eng. Cyclop. Law, 114, 116.) Morse, in his work on Banks and Banking, says: "If bank directors do not manage the affairs and business of the bank according to the directions of the charter, and in good faith, they will be liable to make good all losses which their misconduct may inflict upon either stockholders or creditors, or both. (*Hodges v. Screw Co.*, *supra*.) They may be held to account to an injured party in a Court of Chancery (*Bank v. St. Johns*, 25 Ala. 566); or they, or any one of their number, who shared in the wrongdoing, may be sued at law for damages. (*Conant v. Bank*, 1 Ohio St. 298.) . . . They are required simply to show a reasonable capacity for the position they accept; to use in it their best discretion and industry; to show the scrupulous *bona fides* and conscientiousness in every matter, however minute, which is exacted rigorously from all trustees of the property of others; and to obey accurately the requisitions of the charter, or of the general law under which they are organized." (Morse, Banks, 133.)

Mistakes as to what is the law serve to excuse cases where correct knowledge could be reasonably expected only from a professional man, and even in such cases, if the directors feel any doubts, they may be guilty of neglect if they fail to seek and be guided by competent legal advice. But ignorance of any fact in the bank's affairs which it is their duty to know, can never be set up by them in defense or exculpation for any act which the existence of that fact should have prohibited. (Id. 135.) The high degree of confidence and responsibility resting upon directors of corporations has often led the courts to regard them as trustees, and to declare the relationship existing between them and the stockholders to be that of trustees and *cestuis que trustent*, respectively. If this can be asserted with regard to the generality of corporations, it is peculiarly and exceptionally true with regard to banking corporations.

The directors of a bank are not trustees for the stockholders alone, but they owe an even earlier duty to the depositors. The law is, as it ought to be, very jealous in exacting the strict and thorough performance of these duties, and it is in the scrutiny of possible breaches of them that the rigid rules which govern trustees have been applied. It is not enough to exculpate a director that no actual dishonesty can be shown; that he cannot be positively proved to have been influenced by interested motives. (Id. pp. 113, 114.) Mr. Morawetz, in his work on Private Corporations, says, as to the degree of care to be exercised (section 552): "Attempts have been made to define the degree of care and prudence which directors must exercise in the performance of their duties. In some of the cases it has been said that, inasmuch as directors are usually not paid for their services, they are to be regarded as mandataries—persons who have gratuitously undertaken to perform certain duties, and are bound to exercise only ordinary care and prudence—and that they are liable to the corporation only for what is called *crassa negligentia*, or gross negligence. But all this is, at the best, misleading. The plain and obvious rule is that directors impliedly undertake to use as much diligence and care as the proper performance of the duties of their office requires. What constitutes a proper performance of the duties of a director is a question of fact, which must be determined in each case in view of all the circumstances, the character of the company, the condition of its business, the usual methods of managing such companies, and all other relevant facts must be taken into consideration. It is evident that no abstract reasoning can be of service in reaching a proper solution."

Directors, as trustees of a corporation, are bound to manage the affairs of the company with the same degree of care and prudence which is generally exercised by business men in the management of their own affairs. (*Hun v. Cary*, 82 N. Y. 65; *Charitable Corporation v. Sutton*, 2 Atk. 405; *Litchfield v. White*, 3 Sandf. 545; *Hodges v. Screw Co.*, *supra*.) Directors are not merely bound to be honest; they must also be diligent and careful in performing the duties they have undertaken. They cannot excuse imprudence on the ground of their ignorance or inexperience, or the honesty of their intentions; and, if they commit an error of judgment through mere recklessness, or want of ordinary prudence and skill, the corporation may hold them responsible for the consequences. See the case of *Hun v. Cary*, 82 N. Y. 65; Earl, J., saying, in delivering the opinion in that case: "One who voluntarily takes the position of director, and invites confidence in that relation, undertakes like a mandatary, with those whom he represents or for whom he acts, that he possesses at least ordinary knowledge and skill, and that he will bring them to bear in the discharge of his duties. Such is the rule applicable to public officers, to professional men and to mechanics, and such is the rule which must be applicable to every person who undertakes to act for another in a situation or employment requiring skill and knowledge; and it matters not that the service is to be rendered gratuitously. These defendants voluntarily took the positions of trustees of the bank. They invited depositors to confide to them their savings, and to intrust the safe keeping and management of them to their skill and prudence. They undertook, not only that they would discharge their duties with proper care, but that they would exercise the ordinary skill and judgment requisite for the discharge of their delicate trust." Directors can never set up as a defense that they were ignorant of a provision of the company's charter or by-laws. (See *Spering's Appeal*, *supra*, and the opinion of Chief Justice Greene in *Hodges v. Screw Co.*, *supra*.)

We cannot better close the discussion upon this question than by citing the case of *Bank v. Bossieux*, 4 Hughes, 398, 3 Fed. Rep. 817, much relied on by the learned counsel for the appellant, who says: "This question has been the subject of investigation and judicial determination by the United States Circuit Court for the Eastern District of Virginia. Judge Hughes, in an elaborate opinion, stating the law with great force and clearness, exhibiting a thorough and patient examination of all the authorities, held the defendant directors liable upon this ground: 'Gross inattention and negligence, allowing fraud or misconduct on the part of agents, officers or co-directors, which could have been prevented if they had given ordinary care and attention to their duties.' Indeed, this opinion is not only the most thorough examination, but the ablest exposition of the law upon the subject the writer has been able to find after examining many authorities, and he might well be content to rest the law of this case upon the opinion of Judge Hughes. In it he reviews the case of *Spering's Appeal*, and shows that the very principle was declared in that case upon which he found the directors of the Dollar Savings Bank liable. He declares that 'negligence may be of such a character as to amount to fraud.' Citing *Jones Ex'rs v. Clark*, 25 Grat. 655, and *Neal v. Clark*, 95 U. S. 707. In that case Judge Hughes says: 'It will abundantly appear from authorities and reported cases to be cited in the sequel that the managing officers of corporations are personally liable for the results of gross negligence, or what the jurists call *crassa negligentia*. If by reckless inattention to the duties confided to them by their corporation, frauds and misconduct are perpetrated by officers, agents and co-directors, which ordinary care on their part would have prevented, then I think it may be said with truth that it is now elementary law, to be found in all the books, that directors are personally liable for the losses resulting. Moreover, all authorities now tend to the conclusion that directors of banks and other moneyed corporations hold the relation to stockholders, depositors and creditors of trustees to *cestuis que trust*, and as such are personally responsible for frauds and losses resulting from gross negligence and inattention to the duties of their trust.'" (*Bank v. Bossieux*, 4 Hughes, 398, 3 Fed. Rep. 817, and the authorities cited in the opinion.)

We will now proceed to briefly review the facts of this case to which this well-established rule of law is to be applied. The question arises in this case as between the directors and the depositors, and not between the directors and the stockholders. The by-laws of this bank prescribed weekly meetings. It is conceded that these were scarcely ever held; the answers admitting that formal meetings were not held. The decree of the Circuit Court of Alexandria City, that it appears to the court that there has been no such dereliction of duty on the part of the directors, or any of them, as to fix upon them personal responsibility, cannot be sustained upon any sound principle whatever. Upon what principle can Andrew Jameison be held not to be personally liable for the acts already detailed concerning him? The commissioner reports that he took \$2,187.33 out of the cash drawer; that he withdrew without authority the bonds of the bank, deposited elsewhere, caused their sale, and appropriated the money to his own use; overdrew his account \$341.64, and in other ways converted to his own use the property of the bank, aggregating \$11,713.97. The passenger railway company was allowed to overdraw its account to the amount of thousands (\$11,341.91) at one time. The notes of the company were discounted to the amount of \$6,500, and at maturity neither protested, renewed, collected nor sued on, and the overdraft was allowed to increase for a year and more

without security, until it reached \$7,530.45, which were entirely lost to the bank; he being the president of this company part of the time, and one of the bank directors being president of the company the other part of the time in question, while the treasurer of the railway company was the cashier of this savings bank. Stilson was allowed to withdraw the sole valuable security for his note of \$2,000, and that was lost. He lent his brother \$3,311.62 practically without any security, and that was lost; and actually lent him \$1,211.61 a few months before the bank closed its doors; lending to Robert Jameison with no security, except worthless indorsers, \$2,300, when he had already gone to protest on a note of \$500.

But the co-directors seek to escape responsibility for all this, including the large loss to the Washington & Ohio Railroad, by claiming to have no actual knowledge of it at all. Did they exercise ordinary diligence to inform themselves, as their duty certainly required that they should? They were required to meet weekly by their own by-laws. They did not always meet semi-annually—meeting sometimes once a year, as we have stated. They were in duty bound to cause the books of the bank to be examined at regular intervals. This they never did at all throughout their whole career, nor did they ever call for a statement of their accounts with other banks. Their vaults and their cash drawer were emptied by illegal abstractions and insolvent loans, and they admit that they never knew it, and pleaded this as their exculpation. The stock subscribed for was not paid up as has been stated, and yet such part as was paid up was treated as a loan, and interest paid on it, and a large part had never been paid up at the time of the suspension, and some of it has not yet been paid up. Having a bank with so small a nominal capital, with empty vaults and despoiled cash drawer, they owed at the suspension of the bank, to depositors who had intrusted to them their money, \$53,063.63, on which they have been able to pay ten per cent. If these directors had any duty to perform whatever towards their depositors, the records of this case do not show its performance. They plead ignorance. One of their number was the president of the Washington & Ohio Railroad in its last hours, and knew its condition, and secured himself; but the notes due the bank were allowed to sleep unprotected, unsecured, unrenewed, uncollected and unsued on. One of their number was the president of the Alexandria Passenger Railroad Company, and knew its condition. One of their number was the brother of their defaulting debtor, Jameison, who was insolvent at the time of the loan of thousands to him without security. It is difficult to concede that they could have been ignorant of all this. But suppose they were. Their duty required that they should have looked well into all these matters, and if they have negligently trusted them to others, and loss has occurred, should it fall on them, or upon the depositors who had trusted them, and whose trust they had accepted, and to whom they had solemnly promised such care and attention as were to be expected of good business men?

We think the record shows that these directors, and all of them, have been guilty of such negligence in the premises as makes them personally liable for the losses caused by their negligence, and we are of opinion that the Circuit Court of Alexandria City erred in holding them exonerated. While this is true, there is nothing in the record which shows any bad faith, or tends to show any dishonesty on the part of some of these gentlemen who appear to have confided their duties to others, and to have been betrayed by them; but this was such negligence as will fix liability upon them, and their act in assuming this attitude of trust and confidence was voluntary, and led to the confidence which

has resulted in loss. We are of opinion to reverse the decree of the Circuit Court of Alexandria City, appealed from, and to render such decree here as the said court ought to have rendered.

Fauntleroy, J., concurred. Hinton, J., concurred in result. Lewis, P., and Richardson, J., dissented.

SALE OF PLEDGED STOCK.

SUPREME COURT OF MISSOURI.

Simmons v. Hill.

A levy and sale of bank shares, under execution, against the former owner, after he has transferred them on the books to others as collateral security for a debt unpaid and due at the date of the levy, and greater than the market value of the stock at that time, passes no title, and the purchaser is not liable for unpaid subscription to the stock, at the instance of a creditor of the bank. under Rev. St. Mo. 1879, § 736, authorizing an execution on behalf of such creditor against a stockholder to the amount of the stock owned by him.

The fact that the execution creditor, ignorant of the transfer, bought the stock at the sale to save his debt, but, after learning that it had been transferred, abandoned all claim to it, would not authorize the persons in whose name it stood to transfer it to him without his knowledge or consent, and such a transfer, unless ratified, would not make him a stockholder, and liable for said unpaid subscription.

BRACE, J.—On the 7th of April, 1881, plaintiff's intestate obtained a judgment in the Circuit Court of St. Louis against the Butchers' and Drovers' Bank for the sum of \$10,880, and an execution issued thereon on the 25th of that month was returned *nulla bona* on the 6th of June, 1881. At the April term, 1883, of said court, the plaintiff moved for an execution against the defendant as a stockholder in said bank. The motion was resisted, and on the hearing was sustained, and an execution ordered against the defendant in the sum of \$5,000; and from this order the defendant appeals. The facts in the case, as they appeared in evidence, are substantially as follows: On the 7th day of December, 1870, Peter Curran, being then the owner of 100 shares of the capital stock of said bank, of the par value of \$10,000, 50 per cent. of which was unpaid, borrowed from the bank the sum of \$2,000, for which he executed his note, payable in ninety days, bearing 10 per cent. interest, and at the same time transferred on the books of the bank fifty shares of his stock to P. S. Langton. On the 8th of May, 1871, Curran borrowed the further sum of \$3,964.50, for which he executed two notes, bearing the same rate of interest, and at the same time transferred to B. M. Chambers the remaining fifty shares of his stock. Chambers was the president and Langton was the cashier of the bank. According to the testimony of Chambers, by an oral agreement, the stock was to be held by him and Langton as collateral security for these loans. On the 27th of April, 1877, while the stock thus stood in the name of Langton and Chambers, Hill & Collins, a firm, of which the defendant was a partner, obtained judgment against Curran for \$2,500, and caused execution to be issued thereon. The officer holding the execution repaired to the bank, and demanded a statement of the amount of stock held by Peter Curran, and the cashier thereupon gave him the following certificate: "There is no stock of the Butchers' and Drovers' Bank in Peter Curran's name. P. S. LANGTON, Cashier." And the sheriff indorsed the following return on the execution: "Executed this writ in St. Louis county

on the 7th of May, 1877, by levying upon one hundred shares of stock in the Butchers' and Drovers' Bank, as the property of Peter Curran, the defendant, and I delivered a copy of this writ to B. M. Chambers, president of said bank, with my indorsement of said levy thereon, stating to him that I did levy on and take such rights and shares to satisfy this writ."

On the same day the sheriff advertised for sale, on the 19th of May, 1877, the interest of Curran in said 100 shares of stock to satisfy said execution, and at the sale it was struck off to Hill & Collins for \$1,000, which amount, after deducting costs, was credited on the execution, and as to the remainder the writ was returned *nulla bona* on the 4th of June, 1877, with this additional return: "I delivered a copy of this writ, together with the advertisement, a copy of which is hereto attached, to P. S. Langton, cashier of the Butchers' and Drovers' Bank, with my return of levy and sale of one hundred shares of stock above mentioned, and offered to transfer said stock to the purchasers, but was assured the defendant had none to transfer." Curran had never paid anything on his notes, and at the time of this sale they were long overdue, and amounted, principal and interest, to more than \$9,000. On the 12th of July, 1877, Hill & Collins brought suit against the bank for \$5,000 damages, for refusing to permit a transfer of Curran's stock upon the books of the bank; on the 13th the writ was served on Chambers, the president, and on the same day he and Langton transferred the 100 shares of stock in their name to Hill & Collins on the books of the bank, without their knowledge or consent. On the same day the bank closed in an insolvent condition, and ceased to do business. At the time of the transfer from Curran to Chambers and Langton, the stock of the bank was worth, in the market, probably 70 to 80 cents on the dollar of paid up stock. At the time of the levy of Collins & Hill there was no demand for it, and when transferred to them by Chambers and Langton, was worth nothing. On the 2d of October, 1877, the bank filed an answer in the suit of Hill & Collins, and on the 28th of January, 1878, an amended answer, in which, after denying the allegations of the petition, and that Curran was the owner of any stock in the bank except as thereafter stated, then proceeded to set out the transfer of the stock by Curran to Chambers and Langton, to be held by them as collateral security for the payment of the notes before mentioned, with interest, averring that said notes and interest remain due and unpaid, and setting up the provision in the charter of the bank, prohibiting a transfer except on its books, and after all debts due by the shareholder had been paid, but saying nothing about the transfer by Chambers and Langton to Hill & Collins on the 13th of July preceding. On the trial, on the evidence in support of the answer, Hill & Collins took a non-suit. They were, by the answers in this case, for the first time informed that Curran had transferred his stock to Langton and Chambers: and more than five years afterwards the defendant was first informed, by the commencement of this proceeding against him, that Langton and Chambers had transferred the stock to Collins & Hill. On this state of facts the Circuit Court held that the defendant was a holder of said unpaid up stock, and as such, subject to execution upon plaintiff's judgment against the bank to the amount remaining unpaid thereon.

The only question presented on the record of this case is, was the defendant Hill a stockholder of the Butchers' and Drovers' Bank on the 6th of June, 1881, within the meaning of section 736, Rev. St. 1879? It will be observed from the foregoing statement that, if Hill was such stockholder, it must be because he became so either by virtue of his purchase at the execution sale of Curran's stock, or by virtue of the

transfer of stock to him by Chambers and Langton. It therefore becomes necessary to inquire what were the legal relations of these parties to the stock. The transfer by Curran of his stock to Chambers and Langton was to them individually, on the books of the bank, absolute and unconditional. By that transfer they became the legal owners of the stock, entitled to vote it, draw dividends on it, and, to the extent of it, exercise control and management of the affairs of the bank, and become liable as holders of it to creditors of the bank. Curran then ceased to be a stockholder in the bank, so far as that stock was concerned. He had in good faith, for a valuable consideration, parted with it, and, as to subsequent creditors of the bank, was no longer liable as a stockholder, having lost the power either to protect them or himself, although he may have had an equity in respect of that stock against the holders by virtue of a parol agreement made at the time of its transfer. "It is thoroughly established that one to whom stock has been transferred in pledge, or as collateral security for money loaned, and who appears on the books of the corporation as the owner of the stock, is liable as a stockholder for the benefit of creditors." (*Bank v. Case*, 99 U. S. 628.) "Where shares are held by a person as trustee for another, the legal holder of the shares, and not the equitable owner, is primarily liable both to the company and its creditors. Neither the company nor its creditors would be entitled to charge the equitable owner as shareholder." (2 Mor. Priv. Corp. § 853.) "Unless the rule has been changed by statute, liability to pay calls and to respond in the case of insolvency to creditors attaches to the holder of the legal title only, and the court will not look beyond the registered shareholder, nor inquire under what equities he holds." (Thomp. Liab. Stockh. § 178.) It follows that, during the six years of the existence of this bank, after the transfer of Curran, during which time, by its management, the value of the stock was reduced from 75 cents on the dollar to nothing, those dealing with the institution were, by the books of the bank, and the law of the land, pointed to Chambers and Langton as the stockholders liable to respond to them for the amount unpaid on these 100 shares of stock, in case they should be compelled to resort to that fund for satisfaction of their demands. And in this summary proceeding, in which the court is charged with the duty of ascertaining who is the stockholder to be legally charged with liability for plaintiff's debt, and not to settle the equities between Curran's vendee, the bank, or its creditors, and the legal owner of the stock, the question that becomes important is not, who stands in Curran's shoes, but who stands in the shoes of Chambers and Langton, if they have ever legally cast them off? And for this purpose it is not necessary to define what, if any, interest or right the defendant acquired under the execution sale. He did not acquire Chambers' and Langton's stock, for the process was not against them. Curran had none, and the defendant acquired none by his purchase, and did not, by reason of that purchase, become a stockholder. Did he become one by virtue of the transfer of Chambers and Langton on the 13th of July? "The general rule is that a person whose name appears on the books of a corporation is a shareholder, both as to the corporation and as to the public." (Thomp. *supra*, § 177.) This supposes, of course, that the shares have been placed in his name with his consent, as was remarked in the case of *Chapman & Barker*, L. R. 3 Eq. 360. "If the mere placing a name upon the register, rightly or wrongly, is to give the creditors a right to proceed against the individual, any one of us now in this court might find himself upon the register of some company, and liable to its creditors. It is an absurdity to say that I am to be liable because directors choose to put me down upon the register as

a shareholder. . . . The case is wholly different where a person agrees to have his name put upon the register for any purpose. The creditors have a right to take as their debtor everybody who is properly upon the register, including the trustees for the company; but creditors do not, therefore, obtain the right of insisting upon retaining as their debtor a person whose name has been placed there by fraud or wrong, or ought never to have been there at all. An important question might arise as to how far a person, after he knows that his name has been wrongly placed upon the register, may, by acts of acquiescence, such as accepting a dividend or the like, be held liable. It is like any other case. He cannot approbate and reprobate. If, for his own convenience, he adopts the act, he must be liable for the consequence of the act. The question whether he has or has not adopted it is wholly one of degree and of evidence for the court. But I cannot entertain any doubt that a man, who is placed by the directors, through contrivance, in a position which they are not entitled to place him in, will not be liable to creditors or anybody else." As Hill knew nothing of this transfer by Chambers and Langton to Hill & Collins until the motion in this case was filed for execution against him, and as from that moment he has been persistently repudiating it, it cannot be pretended that he ever expressly agreed to the transfer, or ratified it, by any act or word of his after it was done. But it is insisted that by his acts he, by implication, authorized it to be done, and is now estopped from denying that it was done with his assent; that, if Hill & Collins did not, by their purchase at the execution sale, become the owners of the stock that stood in the name of Chambers and Langton, and did not thereby become stockholders in the bank, they did, by virtue of that purchase, acquire the equity that Curran had as against the bank and Chambers and Langton to redeem the stock; and that they must be held by their acts in acquiring that equity and their subsequent action to have requested a redemption, which was accepted by Chambers and Langton and the bank; and that the transfer made to them was in pursuance of that request; and that the defendant thus became a stockholder of the bank. We are cited to the case of *Foster v. Potter*, 37 Mo. 526, in support of the proposition that Hill & Collins, by their purchase at the execution sale, acquired Curran's equity of redemption in the stock. Without stopping to distinguish this case from that one, and without being understood as holding, either that Curran had an equity of redemption in this stock upon the facts in the case, or that, if he had, it passed by the execution sale—for the sake of argument let it be conceded that he had such an equity; that it passed by the sale; and, that the argument may flow unimpeded, let any objection that might be raised to considering the bank and its trustees as one in their transactions, or the right of the trustees to give away the trust fund, be waived. Do we find in the evidence any fact from which at any time either the bank, Chambers, or Langton would be authorized to infer a request upon the part of Hill and Collins that the incumbered stock should be transferred to them? Unless we do find such a fact, the defendant is not estopped from denying that it was assigned at his request.

A brief consideration of the salient facts in the case will answer this question, and for this purpose the further mention of the name of Collins may be omitted. The defendant, having a judgment for \$2,500, against Curran, being desirous of making his debt, and believing that Curran was the owner of stock in the bank, and that something might be made out of it, sues out his execution. The officer goes to the bank for the purpose of levying the execution on Curran's stock, if he has any, and informs the officers of his purpose. The law then made it the

duty of the cashier to furnish the officer with a certificate under his hand, stating the number of shares the defendant in the execution held in the stock of the bank "with the incumbrance thereon." The cashier certified that "there was no stock in the bank in Curran's name." Is it to be supposed for a moment that, if Curran had then been regarded by the officers of the bank as the holder of this stock, half paid up, worth in the market less than 40 cents on the dollar, incumbered with a debt to the bank of more than \$9,000, and with a contingent liability for the amount unpaid thereon, and they had so certified, as it was their duty to do, that the subsequent levy and sale would have been proceeded with? If they had done so, the defendant would have seen at once that he was engaged in a vain pursuit, and would, doubtless, have abandoned it as quickly as he did a similar one, at a later stage in the proceedings, when the officers of the bank first disclosed such a state of case in the answers, and supported by their evidence in the suit instituted by him against the bank for their refusal to permit a transfer on their books of Curran's supposed stock. The defendant was seeking, by due process of law, to subject Curran's stock, if he had any, to his debt. In attempting to do so, he claimed to have become the owner of that stock by purchase under such legal process, and asked that a transfer be made on the books of the bank in pursuance of such purchase. The bank refused to permit such transfer to be made, and, when sued for damages for such refusal, by showing that at the time of the levy and sale Curran had no stock in the bank; that Chambers and Langton were the owners of the stock that Curran once owned; that Curran had a mere equity, and a worthless one at that, against the then holders of that stock—satisfied him that he had acquired nothing by his purchase, and he abandoned his action for damages, as he would, doubtless, have abandoned his pursuit of Curran's supposititious stock before the sale, if they had given him this information at the time it was their duty to have done so. The defendant was after Curran's stock. He did not get it, because years before Curran had parted with it to Chambers and Langton. He was not after Chambers and Langton's stock. He could not have gotten it if he had wanted it, by that process, and would not have wanted it if he could have gotten it, burdened as it was with liabilities far exceeding its value. This effort made by the defendant to subject the supposed stock of Curran (in his ignorance of the disposition that Curran had long since made of it) to the payment of his debt, and his subsequent action for damages, superinduced by the failure of the officers of the bank to give him timely and proper information of the actual condition of the stock, is the sole ground upon which is rested the claim that the transfer made by Langton and Chambers to the defendant on the 13th of July, 1877, was made at the request of the defendant. Conceding, then, that the defendant acquired the right to redeem this stock from Chambers and Langton (he never exercised it, or sought to exercise it,) they could not exercise it for him, and, without his consent, thrust upon him obligations which they had incurred by the ownership of this stock up to the very hour that the shades of bankruptcy closed in around the institution, and rendered its stock worthless. This transfer was not made in answer to any demand ever made by Hill to redeem this stock, for he never made such a demand. The only demand that he ever made, or was ever made in his behalf, was that the officer who made the sale under the execution might transfer on the books of the bank the stock of Curran's that he undertook to sell. If that demand had been granted, and the transfer had been made by him, Langton and Chambers would have still remained the holders of the stock that Curran once owned, by virtue of his previous transfer to

them, and Hill, by such transfer, would not have become the owner of that stock, or a stockholder of the bank. How, then, can it be held that this secret transfer by them can enlarge the scope of that demand, or be held to be in compliance with it? Upon what principle of law or equity can the defendant be estopped from asserting that such transfer was without his assent? Every dollar of indebtedness incurred by the bank upon the faith of this unpaid stock was upon the faith of the legal ownership of that stock by Chambers and Langton, and it would be monstrous to hold that, as these officers closed the doors of that institution, which they had conducted to the brink of financial ruin, to any future credit, upon the faith thereof, they could, in the act of doing so, unload their present obligations, incurred upon the faith of their past ownership of that stock, upon the shoulders of the defendant; or that creditors of the bank, by their act, could acquire a right to look from those whom they had trusted to him whom they had not trusted to answer their demands, simply because he himself had been trying to secure his debt from one who had formerly been, but had long since ceased to be, a stockholder in the bank. There can be no doubt that the defendant was not a stockholder in the bank when the execution against it was returned *nulla bona*, and that the trial court committed error in holding that he was. The judgment of that court is therefore reversed. All concur except Ray, J., absent.

TAXATION.

SUPREME COURT OF NEBRASKA.

Bressler v. Wayne County.

On questions involving the construction of a law of Congress, the decision of the Supreme Court of the United States is the supreme law, by which the State courts are bound.

"In the assessment and taxation of shares of national bank stock, the owners thereof, having no other credits or moneyed capital, are entitled to deduct their *bona fide* debts from the value of such shares of stock." *Wasson v. Bank* (Ind.) 8 N. E. Rep. 97.*

REESE, C. J.—The facts in this case are conceded to be that on the 1st day of April, 1887, and prior thereto, the plaintiff in error was and had been a resident of the precinct of Wayne, Wayne county, Neb., and was on the said date the owner of 229 shares of the capital stock of the First National Bank of Wayne county, Neb., of the par value of \$100 each, of the total value of \$22,900. Said bank is a corporation duly organized and existing under and by virtue of the laws of the United States, under the act known as the "National Bank Act" (Rev. St. U. S. 1874, tit. 82). On or about the 1st day of April, 1887, the plaintiff in error gave a list of his taxable property to the assessor of Wayne precinct, which list included the number of shares of said stock first mentioned, and at the same time gave to such assessor a list of debts owing by him, duly sworn to, amounting to \$14,200, and asked that the last-mentioned amount be deducted from the value of the bank stock owned by plaintiff in error, he having no other credits from which he could deduct such indebtedness, and that he be taxed and assessed only upon the residue of said shares, viz., eighty-seven shares. The assessor refused to allow such

* On the general subject of the taxation of national bank shares, see note to *Bank v. Caldwell*, 13 Fed. Rep. 429; *Bank v. Miller*, 19 Fed. Rep. 372, and exhaustive note.

deduction, and returned and assessed against plaintiff in error the whole number and amount of said shares, such shares being assessed at \$25 each, without deducting the indebtedness referred to. On the 6th day of June, 1887, plaintiff in error appeared before the board of county commissioners of Wayne county, sitting as a board of equalization, and made application to have his assessment corrected by allowing him the deduction for debts owing, as before mentioned, which application and request was by said board refused. On the 16th day of January, 1888, said plaintiff in error filed a petition in error in the district court of Wayne county, and the same question was submitted to the court, and the decision of the county board was by that court affirmed. Plaintiff now assigns the said ruling of the district court as error, and claims that he should be, and by law is, entitled to deduct from the value of his shares of stock in said national bank his *bona fide* debts, and he be taxed only upon the residue. Section 27 of chapter 77 of the Compiled Statutes, entitled "Revenue," and under which the right to offset plaintiff's indebtedness is claimed, is as follows: "In making up the amount of credits which any person is required to list for himself, or for any other person, company, or corporation, he shall be entitled to deduct from the gross amount of credits the amount of all *bona fide* debts owing by such person, company, or corporation to any other person, company, or corporation for a consideration received, but no acknowledgment of indebtedness not founded on actual consideration, believed, when received, to have been adequate, and no such acknowledgment made for the purpose of being so deducted, shall be considered a debt within the meaning of this section; and so much only of any liability as surety for others shall be deducted as the person making out the statement believes he is legally and equitably bound and will be compelled to pay on account of the inability or insolvency of the principal debtor; and if there are other sureties, who are able to contribute, then only so much as the surety in whose behalf the statement is made will be bound to contribute: provided, that nothing in this section shall be so construed as to apply to any bank, company, or corporation exercising banking powers or privileges, or to authorize any deductions allowed by this section from the value of any other item of taxation than credits." The proviso at the end of the section has no bearing upon this case, as the law for the taxation of banks is to be found elsewhere in the chapter referred to. It is provided by section 5,219, Rev. St. U. S., that the taxation of shares in national banks shall not be at a greater rate than is assessed upon moneyed capital in the hands of individual citizens of the States where the banks are located. The statute of the State of New York governing the assessment of property required the board of assessors to prepare an assessment roll, in which there shall be set opposite the name of each taxpayer (1) all his real estate, liable to taxation, and its value; (2) the full value of all his personal property, after deducting the just debts owing by him. The Court of Appeals of that State held, in *People v. Dolan*, 36 N. Y. 59, that by that section, and another which need not be here copied, no deduction from the value of shares of national bank stock could be made on account of indebtedness of the taxpayer. But in *Supervisors v. Stanley*, 105 U. S. 305, the Supreme Court of the United States held otherwise, and refused to accept *People v. Dolan* as authority. In the case of *Hills v. Bank*, *Id.* 319, the same conclusion was reached; and in *Bank v. Britton*, from Indiana, *Id.* 322, under a statute of that State, almost like our own, the doctrine was reaffirmed; and it was there held "that the taxation of bank shares by the Indiana statute, without permitting the shareholder to deduct from their assessed value the amount of his *bona fide* indebtedness, as in the

case of other investments of moneyed capital, is a discrimination forbidden by the Act of Congress."

In the following cases it has been held by the Supreme Court of the United States that the authority of the States to tax the shares of national bank stock is derived wholly from the Act of Congress permitting it, and that without the consent of Congress such bank-stock shares could not be taxed by State authority at all. (*McCulloch v. Maryland*, 4 Wheat. 316; *Osborn v. Bank*, 9 Wheat. 738; *Weston v. Charleston*, 2 Pet. 449; *People v. Weaver*, 100 U. S. 539-543.) By this it will be seen that the question for decision is not one of the construction to be placed on a law of this State, but upon a law of Congress, thus becoming a Federal question, upon which the Supreme Court of the United States is the court of last resort, and therefore binding on us. The same question was before the Supreme Court of Indiana in *Wasson v. Bank*, 8 N. E. Rep. 97; and the rule of the Supreme Court of the United States in the cases cited was followed. In that case it is said: "There can be no doubt that under these decisions all credits of whatever nature, which includes the credits from which the taxpayer may deduct his *bona fide* debts, as here decided, whether interest-bearing or not, are moneyed capital, in the sense in which the term is used in the act. And under these decisions, also, statutes which allow the taxpayer to deduct his debts from such moneyed capital, and deny this right to the holders of shares of national bank stock, must yield to the paramount Act of Congress, which inhibits such discrimination." Substantially the same question was decided by the Supreme Court of California in *Miller v. Heilbron*, 58 Cal. 133, in the same way. (See, also, *Ruggles v. Fond du Lac*, 10 N. W. Rep. 565; *Richards v. Rock Rapids*, 31 Fed. Rep. 505; *Whitbeck v. Bank*, 8 Sup. Ct. Rep. 1,122; *Bank v. Paducah*, 5 Cent. Law J. 347.) In addition to the fact that we are bound by the decisions of the Supreme Court of the United States as being the supreme law of the land, many of the State courts have, as we have seen, adopted the same rule. The judgment of the District Court is therefore reversed, and the cause remanded for further proceedings in accordance with law. The other judges concur.

WORKING POWER OF NATIONS.

In a very instructive paper, read recently by Mr. M. Mulhall, before the British Association, in session at Bath, England, it was shown that in every one of the three principal sources of power—man, horse and steam—the United States exceeds the leading nations of Europe. Mr. Mulhall presented the following table, showing the aggregate energy of the principal nations in millions of foot tons daily:

Countries.	Hand.	Horse.	Steam.	Total.
United States.....	8,450	33,660	48,400	89,450
United Kingdom....	5,200	8,700	38,060	52,950
France.....	5,690	8,500	16,150	30,340
Germany	6,930	10,500	19,800	37,230

In round numbers the working power of the United States is three times as great as that of France, two and one-half times as great as that of Germany, one and two-third times as great as that of the United Kingdom of Great Britain and Ireland, and equal to that of the two greatest of the older nations combined. Mr. Mulhall thinks the unparalleled growth of the United States has only begun, as he says at present the increase of industry, energy and wealth goes on unabated. The next census in 1890 will probably show a population of 66 millions, with an aggregate energy of almost 100,000 millions of foot tons daily, and an accumulated wealth of £14,000,000,000—figures never before applicable to any nation in the world.

LEGAL MISCELLANY.

BANKS AND BANKING—LIABILITY OF STOCKHOLDERS—MARRIED WOMEN.—A bill to enforce against the separate estate of a married woman an assessment upon shares of national bank stock, is not open to the objection that it does not allege that she had capacity to become a stockholder, whether she became such before or after marriage, where it alleges matter sufficient under the statute Dig. St. Ark. 1874, §4194. [*Bundy v. Cocke*, 9 S. C. Rep. 242.]

BONDS—INTEREST COUPONS—GUARANTY.—One who guarantees the punctual payment of principal and interest of a bond with coupons attached, "when and as the same shall respectively fall due," is liable for the interest or overdue coupons detached at maturity. [*Philadelphia & R. R. Co. v. Knight*, S. C. Penn.]

CORPORATIONS—STOCKHOLDERS—PROFITS.—A stockholder cannot sue the corporation to recover his share of the accumulated profits until a dividend has been declared, a matter within the discretion of the directors, and which the courts will not control. [*Beveridge v. New York El R. Co.*, N. Y. Ct. App.]

NEGOTIABLE INSTRUMENTS—TRANSFER—INNOCENT PURCHASER.—That a negotiable note was signed by the maker, who could not read or write English, believing the payee's representations that it was not a note, but a mere memorandum of agency, cannot avail against an innocent purchaser for value before maturity. [*Bedell v. Hering*, S. C. Cal.]

PRINCIPAL AND AGENT—AUTHORITY OF AGENT.—Where an agent has authority to collect a note, but is not authorized to receive anything in payment but money, he cannot accept his own note in payment. [*Wilcox & White Organ Co. v. Lasley*, S. C. Kansas.]

USURY—BONA FIDE HOLDER.—Where usury in the original transaction is shown, and where the note has been renewed a number of times, and usurious interest added to each renewal, and the note then transferred to one who claims to be a *bona fide* purchaser without notice, the burden of proof is on such party to show that he is such purchaser. [*Lincoln Nat. Bank v. Davis*, S. C. Neb.]

NEGOTIABLE INSTRUMENTS—INJUNCTION.—Injunction lies to prevent a note against which an equity exists from being transferred to an innocent holder. [*Wilhelmson v. Bentley*, S. C. Neb.]

NEGOTIABLE INSTRUMENTS—PLEADING.—In an action against the indorsers of a promissory note, made and payable in another State, the Court will not, on demurrer, take judicial notice of a law of that State relating to the liability of indorsers, which is not pleaded. [*Cont. Bank v. Wells*, S. C. Wis.]

BANKS AND BANKING—COLLECTIONS—ACCEPTANCE OF CHECK.—The defendant bank sent a check drawn by W, and deposited with it by plaintiff for collection, to the bank upon which it was drawn, and accepted a cashier's check for it, but the cashier's check was not paid, owing to the subsequent insolvency of the drawee; *Held*, that the defendant was liable to the plaintiff for the amount of the check. [*Fifth Nat. Bank v. Ashworth*, S. C. Penn.]

GAMING—GAMBLING CONTRACT—EVIDENCE.—In an action to recover moneys advanced by plaintiff to defendant for the purchase of corn, where it is alleged that the contract was a gambling transaction, evidence that the means of the defendant were inadequate to carry the contract into effect is proper to be considered in determining whether his intention was to purchase the corn. [*Myers v. Tobias*, S. C. Penn.]

GAMING—GAMBLING CONTRACTS—RECOVERY OF MONEY FROM BROKER.—Though a contract for the future delivery of wheat be illegal as a gaming contract, yet a sum of money representing the margins deposited, paid over by one of the parties to the broker to be by him paid to the other, can be recovered in an action by the latter against the broker. [*Floyd v. Patterson*, S. C. Tex.]

NEGOTIABLE INSTRUMENTS.—An instrument in the form of a promissory note, but providing that "the conditions of this note are, if not paid when due, the property for which it is given shall be the property" of the payee, the property constituting the consideration of the note being named in the body of the instrument, is not negotiable. [*Wright v. Traver*, S. C. Mich.]

NEGOTIABLE INSTRUMENTS—FAILURE OF CONSIDERATION.—Where defendant claims fraudulent representations of plaintiff as to quantity and value of land sold for which notes were given: *Held*, error to charge that defense is not sufficient, unless plaintiff by stratagem prevented defendant from making full investigation where such stratagem is not alleged in the answer. [*Merrill v. Taylor*, S. C. Tex.]

NEGOTIABLE INSTRUMENT—FRAUD.—*Held*, that defendant had good defense, under the facts to a note signed by him where he was not able to read and he was induced to sign by misrepresentation of plaintiff. [*Wenzel v. Schultz*, S. C. Cal.]

NEGOTIABLE INSTRUMENTS—SUIT AGAINST INDORSER—JUDGMENT AGAINST MAKER.—After the holder of a note has assigned all his interest in a judgment recovered thereon against the maker, he cannot sue the indorser. [*Moorman v. Wood*, S. C. Ind.]

PRINCIPAL AND SURETY—RELEASE OF SURETY.—A promise by a payee to a surety to look alone to the principal for payment does not release the surety. [*Auchampaugh v. Schmidt*, S. C. Iowa.]

NEGOTIABLE INSTRUMENTS.—The defendant bank telegraphed to the plaintiff at L. Cal., that it would pay B.'s draft upon it for \$2,000. B.'s draft, as subsequently drawn and delivered, was for \$2,000, "with exchange on New York": *Held*, that the acceptance of the bank did not cover on the draft as drawn. [*Lindley v. First Nat. Bank of Waterloo*, S. C. Iowa.]

NEGOTIABLE INSTRUMENTS—DELIVERY—EVIDENCE.—*Held*, under the testimony, that there was no legal delivery of the notes in controversy. [*Gordon v. Adams*, S. C. Ill.]

PAYMENT—PRESUMPTION.—A court will not enforce payment of a note fourteen years after it was made. Payment will be presumed. [*Wilson v. Suggett*, Ky. Ct. App.]

THE AUDIT OF ACCOUNTS AND THE INSPECTION OF BANKS.

The public, which occasionally does not appear fully to understand the real value of some official arrangements, and omits to credit them with the importance which they deserve, occasionally also takes a somewhat exaggerated view of the usefulness which these same arrangements may render. This not unfrequently occurs in matters relating to business, and especially to banking business, which, though of the utmost service to the well-being of the country if well conducted, and capable of doing almost the greatest injury possible if badly conducted, nevertheless is, comparatively speaking, carried on by so few hands that not many persons have any intimate acquaintance with the details. To commence at the threshold of the subject. There can hardly be any business to which a complete and adequate system of accounts is as important as to banking. Next to this, or part of it, is the knowledge that these accounts are accurately kept; and further, and this is a far more difficult thing to ascertain, that the accounts rendered represent adequately the true condition of affairs. This last point opens out several broader questions, and in connection with it a great deal has been said recently about the audit of the accounts of houses of business, and of banking concerns in particular. We may hear an audit sometimes spoken of as an absolute protection against fraud. On the other hand, it is occasionally described as a mere useless form. The former view—that with a well-conducted system of audit fraud is practically impossible—is the one most generally current at the present time. We would ourselves be very far from denying the truth of this conviction. A really good and thorough audit is a most valuable thing, and it may be added a very difficult one. However completely such an examination as a real audit is may be made, however close and continuous the attention of those charged with the work may be, it is no easy matter at all to be thoroughly certain that every opening for fraud has been searched out, that every door against dishonesty has been closed. We will now proceed to examine into the question, prefacing our remarks with the statement that there are few questions on which the minds of those engaged in the business have shown such fundamental differences of opinion as on the value and method of an audit; and also with a quotation from one of the most painstaking and complete works on banking which has recently been published, namely, the three volumes on the "Practice of Banking," by Mr. John Hutchison. The quotation is taken from the third volume, under the heading of Audited Accounts and Auditing. Mr. Hutchison says: "It need hardly be added that auditing affords no substantial guaranty of the accuracy of the accounts, or financial soundness of an undertaking. An auditor merely guarantees the figures presented to him, and these may be altogether fallacious, or grounded on an imperfect or erroneous basis." This is a very strong opinion, and it proceeds from a man who has possessed unusual opportunities for experience in these matters.

It is scarcely needful to say that we must not hastily assume that Mr. Hutchison would recommend that an audit should be dispensed with, from the manner in which he has spoken thus of what auditors can and what they cannot do. The precautions which Mr. Hutchison would take lie in a different direction, but we may be quite sure that they are what a careful auditor would rejoice to find in force. A very large section of the second volume of Mr. Hutchison's work is occupied with

observations and practical details on the inspection of banking accounts and the duties of inspectors. To some of these points we will refer later on. For the present we will conclude our reference to Mr. Hutchison's work with the following quotation on the subject of inspection :—"It is hardly necessary to observe that an efficient inspection is the greatest safeguard of a bank, and is a very different matter indeed from an audit, which only concerns itself with the figures presented to the auditor; and in those instances in which an examination of the securities is undertaken by him it is merely with the view of certifying that there are such held, no pretense being made to vouch for their sufficiency or value—points, in truth, quite beyond the scope of an auditor, whose duties may be good enough in their way in necessitating the drawing out of a balance-sheet which he may have the opportunity of certifying as exhibiting, in his opinion, 'a true and correct view of the company's affairs, as shown by the books of the company.'"

Before examining further into this subject we will now proceed to make some reference to the remarks on it which will be found in Mr. J. W. Gilbart's "Practical Treatise on Banking." Mr. Gilbart, who may be regarded now as one of the standard authorities quoted by everyone who deals with banking questions, commenced his labors in the early years of the century, when the present system of banking was quite in its infancy. The London and Westminster Bank, of which he was the first manager, was—we are quoting from his works—"the first public or joint stock bank established in London," and Mr. Gilbart's energy and intelligence largely contributed to its success. It curiously shows how greatly the modern system of banking has developed since Mr. Gilbart's day, that we may find copious observations in his "Practical Treatise" (a work which we may remark may be read with much advantage at the present day) on the duties of accountants, cashiers, clerks, managers and directors, while those of auditors are scarcely referred to. Mr. Gilbart speaks thus of the duties of the accountant of a bank :

"The chief accountant in a bank is not a mere bookkeeper. It is one thing to keep a set of books previously prepared and arranged, and another to frame a set of books, or a new system of bookkeeping, adapted for any operation that is proposed to be carried on. In the latter case, mental powers are required that are by no means common. And even where a system is established, the chief accountant of a bank will often have occasion to consider the best way of passing certain transactions through the books, of framing abstracts of operations which the books may not immediately supply, of making difficult calculations, and of examining lengthy and complicated accounts, and exhibiting them with clearness and brevity. A good system of bookkeeping and a clear-headed accountant would have prevented many a bank from stopping payment."

This is a very strong testimony to the importance of good bookkeeping. Yet, as everyone knows, very good bookkeeping may go on side by side with very bad business. But it is with bookkeeping as with auditing. Neither can be dispensed with, though neither are infallible. And if we have spoken as we have done of the opinion of two well-known writers on banking matters on the question of auditing, it is not because we desire to undervalue it, but because it is desirable to place its importance in the proper light.

Now we have quoted Mr. Hutchison's remarks on auditing. They amount to this, that an audit is not a valuation. That may be quite true, but when an auditor certifies that certain securities are held, and specifies those securities, this statement enables anyone who has a knowledge of the worth of those securities to make a valuation of them

himself. Mr. Hutchison also says, "that auditing affords no substantial guaranty of the accuracy of the accounts." But some audits go a very long way towards proving this. And it is understood that in some cases securities are examined into very closely indeed. What we believe to be one of the chief uses of an audit is that it subjects the work of one set of accountants and business men to the examination of another and quite distinct set of accountants and business men, at least as competent and possessed of a wider and more varied experience. This is not merely a check on fraudulent entries, but it is also a check on running into bad business. A vast number of failures occur from an endeavor to escape a comparatively small loss through bolstering up bad business. The knowledge that the accounts will be thoroughly overhauled will cause many a man to consider and to hesitate before he enters into such a course. An inquiry from an external source is in many respects a very powerful engine of discovery. It is very probable that the examination which the Comptroller of the Currency of the United States is authorized to make at any time into the position of the national banks of the United States, and such examinations are to be made at least as often as once a year, and the reports showing the detailed condition of these banks, which he is entitled to call for for any past date, which also must be returned not less than five times during each year, have been of service, though perhaps unconsciously, to the managers and directors of those banks, by keeping them within the strict paths of business propriety. At all events, the national banks have been among the more successful banking institutions of the United States.

Some American authorities, however, do not speak with equal respect of the system of State supervision. Mr. Bolles, in his work on "Practical Banking," makes the following remarks upon State supervision, and the power which the examining officers possess of supervising and regulating the institutions which are under their charge:—"The remedies in the hands of the superintendent in case of improper action are—first, the publicity effected through his report to the legislature; and second, his power to make complaint through the Attorney-General in case of violation of law, or improper exercise of corporate powers; and the remedies which may be applied by the court upon this proceeding are:—Removal of the board of trustees or any of their number; appointment of receiver and dissolution of the corporation, or the consolidation of the institution with a similar one which may be willing to accept the transfer." These seem very considerable powers, but Mr. Bolles speaks with far more hesitation and reserve than we might have expected about their practical utility. He says with respect to the results, "The problem of State supervision is a very difficult one. A supervising department, like the one under consideration, usually becomes, after a time, a mere bookkeeping department;" and he goes on to say that in quiet times, when matters work smoothly, the superintendent is apt to let things go their own way; and his inspection to become merely superficial. Notwithstanding that, he thinks the examination of the superintendent is of service, for while he explains the limits to his office, he adds, "The moral power given by his authority for compelling information is probably beneficial."

This is pretty much what we should expect to find. It must never be forgotten that the real safety of a bank lies in its own internal management. Where this is faulty, nothing can save it. The most elaborate systems of bookkeeping, the most careful and complete arrangements for audit, are unavailing, unless the management itself is first-rate. In connection with this, Mr. Hutchison makes, as we mentioned above some very useful observations. The great detail with which Mr

Hutchison describes the duties of an inspector prevents our giving any complete summary of his remarks; but they may be summed up in this, that the post of the chief inspector "may be considered equal, and in some respects superior, to that of the manager-general, particularly when the powers of the former are exercised to their fullest and widest extent in reviewing the position of the advances of the bank, and the sufficiency of its securities."

This is a very high position indeed for any officer of a bank to hold.

Mr. Hutchison, as we see, places very great stress on a thorough system of inspection. Mr. George Rae, whose long and varied banking experience is recorded in that well-known book, "The Country Banker," speaks with great force on the same subject. In his review of the duties of the manager-in-chief he says: "Once in every year, accompanied by two of your directors, who take the duty by rotation, you make a round of visits to your branches, in order to check the cash and investigate the accounts, bills and securities of each branch on the spot." Thus a very complete investigation is made. "The board, as well as yourself, arrive in this way at a personal knowledge of your chief provincial customers, who must otherwise remain to you mere human abstractions, with no more character or individuality about them than their names and avocations afford in the index to your ledgers. Instead of mere headings of ledger folios alphabetically arranged, they will thus become living entities, with whom you will have largely improved your chances of intelligent working and mutual business-satisfaction in the future."

An inspection of this description is clearly most valuable. It is, perhaps, the feeling of possessing a complete personal supervision of his business which has led Mr. Rae to speak of auditing in the strong terms of praise that he has done. Speaking of the grounds of confidence in banks which exist at the present time, and of recent legislation, he says: "A further and abiding ground of confidence to depositors and the public will be found in the compulsory audit, at least once a year, of the books, accounts and securities of every bank which has registered under the Act. It is beyond question that, if this safeguard had been in force since the institution of joint-stock banking, the most ruinous failures of the past would have been averted. It would have been impossible for any body of directors to nurse enormous and ever-growing accounts, year after year, long after they had become more than doubtful, without even a suspicion of the fact reaching the ears of shareholders, until the banks themselves capsized and went down before their eyes. The fierce light of the inevitable audit would have rendered impossible this cumulative form of banking ruin in the past, and will render it absolutely impossible in the future."

It is characteristic of Mr. Rae's common sense and knowledge of this subject that he proceeds, immediately after the interesting observations which we have just quoted, to observe that, for all this, we must not rely on compulsory audit as an unfailing panacea against panic.

We have now fairly put this subject before our readers. They will come, we think, much to the same conclusion as Mr. Rae—that we must not look to one thing or another singly, whether it be an audit or anything else, as affording certainty in these matters. For all this, we would be the last to decry the value of an audit. We believe it to be a most useful thing, for the reason which Mr. Bolles gives, and which Mr. Rae implies, that it will be found most valuable in checking the growth of bad business. With every alteration in the mode of transacting trade, with every change in the business habits of men, fresh risks are incurred. We can most completely indorse Mr. Rae's remarks on the

necessity of perpetual watchfulness; and with one more quotation from him, which illustrates the truth of what we have been saying most forcibly, we shall conclude :

"So far from the control or management of a bank being a thing which anyone can understand at sight, there is, perhaps, no business more difficult of ready grasp. I have given a long business life to the practice and study of it, but do not look upon my education as even yet complete. Every now and again I still come upon something new—some fresh 'wrinkle'—some side light, which goes to enlarge and qualify, sometimes to upset, old and cherished impressions, and to divest experience of finality." We are sure of this, that the more complete a banker's practical knowledge of his business is, the more completely he will agree with what Mr. Rae has said on this matter, especially on the subjects of audit and inspection. We hope it will not be long before the accounts of every bank in the United Kingdom are audited as regularly as now they are balanced at periodical intervals.—*London Bankers' Magazine*.

EXPORTS OF GOLD.

The recent shipments of gold to foreign countries, although not of great importance, attract attention because it is assumed that they indicate a condition of our foreign commerce that will call for a much larger outgo during the spring. It is possible that such may be the case, but even if such expectations should be realized there need be no apprehensions of financial disturbance on that ground. As a rule we always export a large amount of gold during the first six months of each calendar year, and import a comparatively small sum, but for the last half of the year the converse of this is true. Last year was an exception to the rule, for the exports of gold during the last half of 1888 were about \$3,366,000 more than during the first half, and the exports for the whole year were \$23,600,000 more than the imports, but in the year 1887 the imports exceeded the exports over \$35,000,000. During the first half of the year 1887 we exported \$38,744,182 of gold, but during the last half of that year it nearly all came back to us. The gold movement for the past eight years has given a net result in our favor, for, although the exports were in round numbers \$183,000,000, the imports reached an aggregate of \$246,000,000, so that we gained from foreign sources alone \$63,000,000 of this precious metal.

Since January 1 this year we have exported about \$5,000,000 of gold and imported over one-third as much, so that the net outgo is not enough to be of any great importance, and if our exports for the first half of the year are to reach the average of the first half of the last eight years, which is about \$18,200,000, they must hereafter be much more liberal. Last year we were confronted by the same probability of large gold shipments during the first half of the year, but the actual exports were only \$14,765,935, and as the imports reached \$5,040,992, the net outgo was only \$9,724,943. Possibly it may be larger this year, but that will depend upon the movement of securities. If European holders of American securities should send them home in larger sums than they buy them or others back again, gold will be largely exported, but there is no apparent reason for this, and it is more probable that the plethora of money in Europe seeking investment will cause a larger demand for our securities, and that our gold shipments will be moderate.—*Cincinnati Price Current*.

CAPITAL, REAL ESTATE, VALUE OF SHARES AND DIVIDENDS, OF NEW YORK CITY BANKS.

	Capital.		Surplus.		Par.	No. Shares.	Gross Value per Share, '88.	Real Estate.	Assessed Value Shares, '88.	Dividends, per Cent.				Book Value Shares, '89.	Last Sale Stock Reported.	Individual Deposits, Net.	Due Banks.
	\$		\$							1886.	1887.	1888.	Last Div.				
America, Bank of.....	3,000,000	1,888,200	100	30,000		135.30	900,000	121	8	8	Jan. '89...	4	162	Jan. 30, '89...	188	7,415,900	2,610,600
American Exchange Nat.	5,000,000	1,667,200	100	50,000		114.00	319,000	104	7	7	Nov. '88...	3	132	April 9, '89...	149	10,965,100	7,065,700
Bowery.....	250,000	367,400	100	2,500		189.53	19,700	174	11	12	Jan. '89...	8	244	April 10, '89...	255	2,685,100	....
Broadway National.....	1,000,000	1,549,600	25	40,000		52.50	250,000	35	20	16	Jan. '89...	8	255	April 12, '89...	300	5,004,400	1,624,300
Butchers & Drovers' Nat.	3,000,000	279,900	25	12,000		41.00	80,000	44	8	8	Jan. '89...	8	193	Jan. 30, '89...	187	2,000,100	58,100
Central National.....	2,000,000	496,600	100	20,000		105.00	693,700	81	7 1/2	8	Jan. '89...	4	124	April 17, '89...	141	5,027,200	4,235,200
Chase National.....	500,000	631,200	100	5,000		133.00	....	133	6	6	Jan. '89...	3	226	Oct. 31, '88...	172	4,007,700	7,290,800
Chatham National.....	450,000	532,400	25	18,000		39.27	....	37	14	12	Ap. '89...	3	234	April 10, '89...	275	4,964,900	1,324,800
Chemical National.....	300,000	589,300	100	3,000		153.30	310,000	1444	100	100	Bi-mthly 25	3 1/2	203	March 20, '89...	4105	19,186,300	5,990,500
Citizen's National.....	600,000	178,600	25	24,000		34.00	274,000	25	7	7	Jan. '89...	3 1/2	163	April 3, '89...	1601	3,198,400	140,800
City National.....	1,000,000	2,335,000	100	10,000		263.83	203,000	225	10	15	Nov. '88...	5	302	Dec. 5, '88...	341	11,235,800	1,778,400
Clinton.....	200,000	5,200	100	2,000		New	....	New	New	New	New	New	102	None	None	264,900	....
Columbia.....	200,000	62,700	100	2,000		80.00	....	80	None	None	Jan. '89...	3	126	Feb. 8, '88...	114 1/2	1,724,000	250,600
Commerce National.....	5,000,000	3,133,400	100	50,000		142.66	615,000	130	8	8	Jan. '89...	4	162	March 19, '89...	190	9,040,300	4,008,300
Commercial National.....	300,000	49,500	100	3,000		93.00	....	93	None	None	Jan. '89...	3	116	March 19, '89...	110	1,041,800	382,200
Continental National.....	1,000,000	264,600	100	10,000		107.44	585,000	42	7	7	Jan. '89...	4	208	April 10, '89...	128	2,868,900	3,559,800
Corn Exchange.....	1,000,000	1,070,900	100	10,000		170.03	78,000	196	10	10	Feb. '89...	5	110	Jan. 10, '89...	108	6,140,200	68,000
Deposit, Nat. Bank of.....	300,000	30,000	100	3,000		97.00	....	97	..	..	..	..	148	Jan. 6, '89...	160	418,300	214,300
East River National.....	250,000	120,600	25	10,000		33.24	72,300	25	8	8	Jan. '89...	4	120	March 20, '89...	125	1,484,300	....
East Side.....	100,000	20,400	100	1,000		New	....	New	None	None	Jan. '89...	4	232	Jan. 9, '89...	226	151,000	2,400
Eleventh Ward.....	100,000	131,500	25	4,000		37.00	45,000	32	8	8	Jan. '89...	4	119	None	None	1,246,600	....
Empire State.....	250,000	50,300	100	2,500		New	....	New	None	None	Jan. '89...	3	268	Dec. 19, '88...	236	475,300	....
Fifth National.....	150,000	252,400	100	1,500		196.50	100,000	160	6	6	Jan. '89...	3	773	May, 1885...	625	1,576,600	119,000
Fifth Avenue.....	100,000	703,000	100	1,000		595.00	....	595	None	None	None	None	1330	May, 1884...	800	4,006,500	19,379,800
First National.....	500,000	6,124,500	100	5,000		1002.30	600,000	902	40	40	Ap. '89...	25	142	April 13, '89...	152	11,565,100	10,041,000
Fourth National.....	3,200,000	1,358,400	100	32,000		109.00	161,000	93	8	7	Jan. '89...	3 1/2	152	None	None	388,300	....
Fourth Street.....	100,000	53,300	100	1,000		New	....	New	None	None	None	None	152	None	None	388,300	....
Gallatin National.....	1,000,000	1,200,900	50	20,000		94.16	510,000	77	10	10	Ap. '89...	5	229	Nov. 17, '88...	256	4,216,800	1,334,000
Gansevoort.....	200,000	100	20,000	1,000		New	....	New	None	None	None	None	225	None	None	167,700	....
Garfield National.....	200,000	251,400	100	2,000		149.00	....	149	None	None	None	None	225	None	None	3,158,400	33,100
German American.....	750,000	208,800	75	10,000		79.48	....	79	6	6	Feb. '89...	3	127	Jan. 16, '89...	121	3,032,200	43,000
German National.....	200,000	396,400	100	2,000		206.00	62,000	175	None	3	May '88 An.	10	277	Sept. 7, '87...	265	3,074,000	3,000
German Exchange.....	200,000	365,500	100	2,000		206.00	45,100	184	9	8	Nov. '88...	4	142	Nov. 14, '88...	215 1/2	2,702,800	....
Germania.....	200,000	97,400	25	8,000		28.00	....	26	9	6	Nov. '88...	3	142	Jan. 30, '89...	139 1/2	1,191,000	....
Greenwich.....	200,000	97,400	25	8,000		28.00	....	26	None	None	None	None	135	None	None	280,000	....
Hamilton.....	150,000	56,200	100	1,500		New	....	New	None	None	None	None	135	None	None	280,000	....
Harlem.....	100,000	4,700	100	1,000		New	....	New	None	None	None	None	135	None	None	280,000	....
Hanover National.....	2,000,000	1,104,700	100	10,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Home.....	100,000	61,600	100	1,000		190.00	56,000	107	None	None	None	None	159	None	None	7,931,400	....
Homeside.....	100,000	61,600	100	1,000		190.00	56,000	107	None	None	None	None	159	None	None	7,931,400	....
Hudson River National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson Valley National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson City National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson River National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson Valley National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson City National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson River National.....	100,000	1,104,700	100	1,000		139.33	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
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Hudson River National.....	100,000	1,104,700	100	1,000		139.33	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
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Hudson River National.....	100,000	1,104,700	100	1,000		139.33	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson Valley National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson City National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson River National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson Valley National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson City National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson River National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	1,022,000
Hudson Valley National.....	100,000	1,104,700	100	1,000		139.33	....	139	7	7	Jan. '89...	3 1/2	210	Dec. 1, '88...	221	7,931,400	

Lenox Hill.....	100,000	5,100	100	1,000	153.03	100,000	107	10	None	10	Jan. '89...5	184 Jan. 30, '89...227½	2,473,600	547,400
Lincoln National.....	300,000	217,300	100	3,000	94.00	....	94	None	None	None	None	102 Feb. 13, '89...100	270,400	2,700
Madison Square.....	200,000	181,000	100	2,000	91.00	....	81	3	Jan. '88...3	Jan. '88...3	None	172 Feb. 9, '89...133	3,682,400	521,900
Manhattan Co.....	2,050,000	1,190,700	50	41,000	63.50	900,000	50	7	Feb. '88...3½	Feb. '88...3½	None	106 Feb. 13, '89...105	599,800	103,900
Market & Fulton Nat.....	750,000	661,400	100	7,500	153.40	266,600	126	8	Jan. '89...4	Jan. '89...4	None	161 Mch. 20, '89...170	9,586,900	1,549,600
Mechanics' National.....	2,000,000	1,640,300	25	86,000	37.70	175,000	32	8	Jan. '89...4	Jan. '89...4	None	188 Jan. 24, '89...100	4,040,600	420,600
Mechanics & Traders'.....	200,000	203,000	25	8,000	28.46	21,400	22	9½	Jan. '89...5	Jan. '89...5	None	182 April 3, '89...102½	5,721,800	3,457,400
Mercantile National.....	1,000,000	698,400	100	10,000	117.63	200,000	102	6	Jan. '89...3½	Jan. '89...3½	None	180 Mch. 7, '89...172	2,889,600	177,800
Merchants' National.....	2,000,000	798,300	50	40,000	57.00	866,700	43	7	Jan. '89...3	Jan. '89...3	None	169 Feb. 10, '89...200	3,886,400	6,063,700
Merchants Exch. Nat.....	600,000	104,200	50	12,000	48.00	243,700	34	6	Jan. '89...3	Jan. '89...3	None	140 April 13, '89...190	4,773,700	4,533,900
Metropolis, Bank of the..	300,000	461,300	100	3,000	173.50	....	170	7	Jan. '89...4	Jan. '89...4	None	117 April 11, '89...117	2,722,500	2,129,800
Mount Morris.....	100,000	100,700	100	1,000	168.00	....	168	6	Jan. '89...3	Jan. '89...3	None	243 Feb. 13, '89...361	5,090,900	416,100
Murray Hill.....	100,000	28,000	50	2,000	128.50	....	125	16	Jan. '89...4	Jan. '89...4	None	159 Nov. 2, '86...200	1,895,400	61,900
Nassau.....	500,000	178,600	50	10,000	52.33	....	52	8	Nov. '88...4	Nov. '88...4	None	260 April 6, '87...260	1,737,700	53,800
New Amsterdam, Bank of	250,000	18,900	100	2,500	91.00	....	91	None	None	None	None	134 Nov. 14, '88...155	2,754,100	38,100
N. Y. Nat. Banking Assn.	2,000,000	1,564,200	100	20,000	146.00	250,000	146	10	Jan. '89...5	Jan. '89...5	None	102 Dec. 17, '88...116	779,200	57,900
New York County Nat.....	300,000	130,200	100	2,000	73.00	....	56	8	Jan. '89...4	Jan. '89...4	None	176 April 10, '89...246½	10,608,900	4,196,800
N. Y. National Exchange	300,000	122,600	100	3,000	114.00	60,000	94	6	Feb. '89...3	Feb. '89...3	None	165 April 3, '89...461	2,792,200	....
Ninth National.....	750,000	289,700	100	7,500	103.24	350,000	37	7	Jan. '89...3½	Jan. '89...3½	None	140 Jan. 11, '89...130	1,656,500	158,600
Nineteenth Ward.....	700,000	14,700	100	1,000	87.00	....	87	None	None	None	None	138 Mch. 20, '89...140	3,105,300	3,579,000
North America, Bank of.	100,000	471,500	70	10,000	85.60	....	85	6	Jan. '89...3	Jan. '89...3	None	112 Oct. 6, '86...96	704,900	71,300
North River.....	240,000	112,700	30	8,000	30.00	94,200	23	8	Jan. '89...4	Jan. '89...4	None	107 Mch. 22, '89...168½	3,053,400	1,423,100
Oriental.....	300,000	362,300	25	12,000	43.00	80,900	35	10	Jan. '89...5	Jan. '89...5	None	144 Jan. 22, '89...140	2,366,500	213,900
Pacific.....	422,700	325,700	50	8,454	69.50	51,300	62	8	Feb. '89 gr. 2	Feb. '89 gr. 2	None	218 Oct. 31, '88...207	2,022,700	....
Park National.....	2,000,000	1,868,700	100	20,000	144.50	822,200	108	8	Jan. '89...4	Jan. '89...4	None	172 Feb. 6, '89...1754½	2,873,200	....
People's.....	200,000	244,100	25	8,000	36.85	70,900	28	10	Jan. '89...5	Jan. '89...5	None	103 Mch. 18, '89...230	12,395,400	15,118,900
Phoenix National.....	1,000,000	523,100	20	50,000	21.60	....	15	6	Jan. '89...3	Jan. '89...3	None	219 Feb. 23, '88...185	2,353,700	22,900
Produce Exchange N. Y.	1,000,000	160,300	100	10,000	97.00	....	97	6	Jan. '89...2½	Jan. '89...2½	None	152 April 17, '88...136	2,087,100	1,180,500
Nat. Bank of the Republic	1,500,000	844,500	100	15,000	120.70	637,700	87	6½	Jan. '89...3½	Jan. '89...3½	None	114 Mch. 6, '89...110	2,685,700	732,500
Riverside.....	100,000	5,300	100	5,000	91.00	....	91	None	None	None	None	155 April 5, '89...158	5,032,800	10,857,800
St. Nicholas.....	500,000	260,000	100	5,000	121.26	....	121	8	Jan. '89...3	Jan. '89...3	None	104 None	429,200	8,200
Seaboard National.....	500,000	127,500	100	5,000	102.00	....	102	6	Jan. '89...3	Jan. '89...3	None	142 Feb. 19, '89...130	1,088,800	128,000
Seventh National.....	300,000	73,900	100	3,000	106.33	....	106	6	Jan. '89...3	Jan. '89...3	None	125 April 12, '89...132	1,813,600	2,128,200
Second National.....	300,000	211,000	100	3,000	103.33	....	103	None	Jan. '89...5	Jan. '89...5	None	124 Mch. 14, '89...134	1,505,100	1,100
Shoe & Leather National	500,000	217,700	100	5,000	116.00	250,000	73	8	Jan. '89...4	Jan. '89...4	None	170 Feb. 6, '89...350	4,799,800	1,200
Sixth National.....	200,000	80,800	100	2,000	92.00	....	77	8	Jan. '89...4	Jan. '89...4	None	142 Feb. 14, '89...152	2,395,400	1,863,900
State of N. Y., Bank of.	1,200,000	481,900	100	12,000	119.00	294,000	100	8	Nov. '88...3	Nov. '88...3	None	140 May 4, '87...235	1,986,900	....
Stuyvesant.....	1,000,000	237,800	100	10,000	97.17	....	New	6	Jan. '89...3	Jan. '89...3	None	138 April 3, '89...110	2,904,400	167,200
Third National.....	1,000,000	213,300	40	25,000	41.60	371,600	30	6	Jan. '89...3	Jan. '89...3	None	115 Jan. 9, '89...115	2,059,600	6,645,700
Trademen's National.....	1,000,000	40,800	100	2,000	95.00	....	95	None	None	None	None	121 April 3, '89...102	1,769,000	1,166,600
Twelfth Ward.....	200,000	4,300	100	1,000	New	....	New	None	None	None	None	120 1888.....145½	551,400	10,500
Twenty-third Ward.....	100,000	4,300	100	1,000	New	....	97	None	None	None	None	103 Jan. 9, '89...96	165,500	....
Union.....	250,000	900	100	2,500	97.00	....	New	None	None	None	None	100 None	331,000	81,500
Union Square.....	500,000	595,300	100	5,000	104.00	....	104	8	Jan. '89 gr. 2	Jan. '89 gr. 2	None	None	1,676,900	4,624,700
United States National..	3,500,000	159,300	100	35,000	92.63	....	92	None	None	None	None	201 July 27, '88...210	5,419,900	6,047,500
Western National.....	200,000	218,400	100	2,000	138.00	....	138	10	Jan. '89...5	Jan. '89...5	None	105 Dec. 1, '88.....243	2,294,100	....

BOOK NOTICES.

Turgot. By LÉON SAY, of the French Academy. Translated by Melville B. Anderson. Chicago: A. C. McClurg & Company. 1888.

This is the latest volume of the great French writer's series, and one of the best. This is so for the reason that Turgot lived such a noble, disinterested life. The world can never have presented too often the lives of unselfish men. Notwithstanding the ardent admiration for Turgot by his own countrymen, and the constant reference to his doctrines by English and American economic writers, this is the first life of him which has appeared in English. Those who are acquainted with Neymarck's elaborate work will readily perceive the limitations of this; but perhaps the glimpses here obtained of this austere but most interesting character will kindle the desire to know more of a man who lived so splendidly in an age of depressing surroundings.

It hardly need be said that Say is Turgot's hearty admirer. He says in his introduction: "For all those who have told the story of his life, and have piously collected his slightest words and writings, Turgot is a great mind—the greatest, perhaps, after Montesquieu, in the eighteenth century; but they all look upon him as an unlucky reformer, who sank miserably under the blows of adversaries less strong, indeed, but surely better advised than he. All those who have lived most with Turgot, and have never ceased to love and admire him, repeat with one voice: 'Turgot had not the qualities that assure success.' I would draw from his life work a very different conclusion, and would treat him, not as defeated, but as victorious. For, if he failed in the eighteenth century, he has prevailed in the nineteenth. He is the founder of our present political economy, and, by the freedom of labor which he bequeathed to us, he has stamped our century with its most distinctive mark." This is true, in a general way, though many of Turgot's doctrines have been modified or exploded since his time. That he did much to stimulate investigation, and thus to lead many to see the truth and errors of current economic doctrines, and to discover new ones, cannot be denied. This little book ought to find its way into many hands who are sure to be delighted with the record of the great and inspiring life which is here unfolded.

Profit Sharing Between Employer and Employee. A Study on the Evolution of the Wages System. By NICHOLAS PAINE GILMAN. Boston and New York: Houghton, Mifflin & Company. 1889.

This book is an important addition to the literature of the labor question. Profit sharing is not presented as a panacea for social ills. "The social problem," says the author, "in all its comprehensiveness and complexity, means that the present forms of civilization are now too contracted for growing human nature; relief must be sought in very many ways." He gives us much information of a nature to aid us in measuring the extent of these evils, such as statistics of the losses to employers and employees through strikes and lockouts, and indications by which we may form some judgment

as to the extent to which production is curtailed by that want of zeal in the performance of work, and want of care as to the quality of the work done, which are a natural consequence of the workman's having no direct pecuniary interest in the results of his labor. Within the six years 1881-'86 the losses from strikes and lockouts in the United States amounted nearly to \$100,000,000. Mr. Gilman treats briefly of the different modifications of the wages system which have been adopted with a view to remedying its principal defects—piece-work as an incentive to diligence; prizes to encourage interest in the quality of the work done, and economy in the use of materials, fuel, tools, etc.; a sliding scale of wages corresponding roughly to changes in the market value of products; the allowance of percentages on sales in the case of drummers, salesmen, etc.; and, finally, arbitration and conciliation. Conceding the utility of these devices within certain limits, he passes on to the consideration of profit sharing as another means of accomplishing the ends for which these were designed, and furnishes the reader with the means of forming his own judgment of its efficiency and value, by giving, in a series of chapters, a very full and well-digested account of what it has actually accomplished in establishments where it has been tried in a number of important industries. These chapters are very interesting reading, not only from the importance of the information they contain in relation to the circumstances under which profit sharing has been tried, the particular methods adopted in carrying out the principle, and the results obtained in different cases, but also from the biographical charm one finds in the personal fortunes of men like Leclaire, Boucicaut, and Godin, while watching their adventurous departure from the beaten track of sordid business policy and tracing their ascent up the hill of success, accompanied by the multitude of assistants who are also to find room upon its sunny slopes. It is in France that profit-sharing finds its most illustrious exemplifications, but a large space is given to its workings elsewhere on the Continent and in Great Britain and the United States. Many of the enterprises described partake largely of the co-operative principle, the shares of profit falling to the workmen being either allotted to them or invested by them in stock of the concern in which they are employed; but they have this important advantage over enterprises purely co-operative in their origin, namely, that the co-operators, instead of having to experiment in the choice of a competent manager, subject to the risk of making a fatal mistake at the very outset in this vital matter, are gradually drawn around a manager already chosen for them by a species of "natural selection." The most interesting portion of the book to business men is that devoted to plain and unbiased statements as to the actual workings of the system in so many cases, in different countries, in a multitude of forms and under widely differing circumstances. It will not be maintained by any one who has given this subject intelligent consideration that profit sharing is a universal panacea, or that it is to be recommended in many branches of industry. Mr. Gilman mentions thirty-six instances in which profit sharing has been tried for a period, and abandoned for one reason or another. On the other hand, he tabulates 136 cases where the system has been in operation for periods varying from one to forty-five years with most encouraging result. Thirty-four instances are noted in the United States.

A Treatise on Co-operative Savings and Loan Associations, Including Building and Loan Associations, Mutual Savings and Loan Associations, Accumulating Fund Associations, Co-operative Banks, etc. With Appendix, Containing Laws, Precedents, and Forms. By SEYMOUR DEXTER. New York: D. Appleton & Company. 1889.

The interest in co-operative savings and loan associations is unquestionably growing rapidly all through the more thickly settled portions of the United States, and as a practical guide for those who would profit by or organize such associations, Mr. Seymour Dexter's *Treatise* will be most acceptable. Mr. Dexter reviews the progress of building associations in the country, explains their benefits as briefly as possible, analyzes the various plans proposed or now in operation, and undertakes to show which of these plans are best adapted to the ends in view. The practical portion of his book enters fully into the details of organization under the New York acts of 1851 and 1887, or in any State where the law does not provide for a definite scheme, explains how accounts are to be kept, gives the laws of New York, Pennsylvania, Massachusetts, and Ohio; and provides a series of forms for mortgages, bonds, certificates of stock, monthly and annual reports, and so on. In a word, the book covers the ground thoroughly, and was much needed. Mr. Dexter estimates that the total number of co-operative associations in the United States on the first of January last was not far from four thousand, and the amount of savings already paid into them in form of dues, exceeds, in many States, the deposits in savings banks. Massachusetts has on the whole the best law on the subject, and that it is working well everyone who keeps track of current affairs very well knows. It is safe to say that no more practical scheme for promoting general thrift and prosperity among wage-workers has ever been devised, and the co-operative associations ought to receive the cordial support of every good citizen.

The Laws of the State of New York relating to Building Associations. Being the Statutes governing Corporations, variously known as Building, Mutual Loan, Accumulating Fund, Co-operating Savings and Homestead Associations. With Annotations applicable to these Corporations Generally. By WILLIS S. PAINE, L.L. D., Author of Paine's Banking Law, etc. New York: L. K. Strouse & Co., Law Publishers. 1889.

The subject of this work is very important. A book by Seymour Dexter has recently appeared on the subject, of which a notice may be found in the present number. Mr. Paine has covered a somewhat different field, as it is more strictly legal. The larger portion consists of the statutes, interpreted in the light of judicial decision. There is a lengthy introduction, in which Mr. Paine considers the utility of these associations. On the whole, his opinion of building associations is not very favorable, and it is quite certain that outside Pennsylvania they have been less successful than in that State; many evils have appeared in their administration. One might well question whether these associations were a good thing. It will doubtless be gladly welcomed by all those who are interested in the management of these associations, or who are thinking of establishing them.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

INDORSEMENT "FOR COLLECTION."

What is the effect of an indorsement "for collection"?

REPLY.—In *National Commercial Bank v. Miller* (77 Ala. 168), the court remarks: "The reception from customers of checks on other banks is of frequent and daily occurrence in the business of banking, practiced because of its convenience. In such case an indorsement of the check for the special purpose of collection is not an indorsement *animo indorsandi*, and does not pass the title to the payee." Usually the words "for collection" are used. These are a warning to those who receive the check, that its ownership has not been transferred. (*Sweeney v. Easter*, 1 Wall. 166; *First National Bank v. First National Bank*, 76 Ind., p. 567.) The receivers, therefore, of such checks get no lien thereon, and the title thereto remains in the senders. Many authorities might be added, but the case of *Bank of the Metropolis v. First National Bank* (22 Blatchf. 58) will suffice. Judge Wallace, who delivered the opinion, reviewed or mentioned the more important cases. Usually the receiving bank has sought to retain the amount of the check after collection to discharge an indebtedness due from the sending bank, especially when it has failed.

But suppose the original payee's indorsement of a check is not authorized, and the bank which receives it for collection sends it forward with its restrictive indorsement to the bank on which it is drawn, and it is paid, what are the rights of the parties? As stated in the last number, in the case of an ordinary indorsement the drawee bank can recover from the bank to which it paid the money, and that bank can recover from its immediate indorser, and so on. But how does this restrictive indorsement affect the liabilities of the parties? This question was also raised in the inquiry of last month, but not answered. Can it recover from the bank which received the money? Of course it cannot recover as indorser, for this is special, and cannot be construed as a guaranty. (*Brown v. Hall*, 33 Gratt. 23; *Third National Bank v. Clark*, 23 Minn. 263.) There is no implication that the preceding indorsements are good. It has simply indorsed the check "for collection," guaranteeing nothing. But it has received money which does not belong to it in any event, for it is a mere agent. If this has not been paid over, why cannot the paying bank recover it? While the receiving bank is not liable as indorser, it is liable to some one for the money, and the question is not always free from difficulty, to whom shall it be paid—the paying bank, the true holder of the check, his assignee, or whom? The question, however, above raised is clear, the sending bank cannot be held on such an indorsement as an indorser.

The recent case of *National Park Bank v. Seaboard Bank* (20 N. E. Rep. 632) is instructive. A draft drawn on the National Park Bank, which had been fraudulently altered, was received by the Eldred Bank for collection

only, and was indorsed and forwarded by it to the Seaboard Bank for collection. The amount of the draft was credited by the Seaboard Bank to the Eldred Bank, and was afterward paid by the National Park Bank to the Seaboard. In a suit to recover the amount the National Park Bank failed. The court said: "When the draft in question was paid by the plaintiff, under a mistake of fact, the defendant either owned it or simply held it for collection as the agent of the Eldred Bank. If the defendant had then owned the draft, it would have become liable, upon discovery of the facts, to refund the amount mispaid, provided its condition had not in the meantime changed so that this would be unjust. (*Bank v. Banking Association*, 55 N. Y. 211; *White v. Bank*, 64 N. Y. 316.) If, however, the defendant did not then own the draft, but merely presented it for payment as the agent of another bank, it could not be required to repay, provided it paid over to its principal before notice of the mistake." (*La Farge v. Kneeland*, 7 Cow. 460; *Mowatt v. McLelan*, 1 Wend. 173; *Herrick v. Gallagher*, 60 Barb. 566.)

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS :	April 1.	April 8.	April 15.	April 22.
Discounts	5½ @ 6½ ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..
Call Loans	11 @ 4 ..	4 @ 3 ..	3 @ 2 ..	3 @ 2 ..
Treasury balances, coin	\$153,070,321 ..	\$153,140,810 ..	\$153,121,373 ..	\$153,126,606
Do. do. currency	16,754,830 ..	16,148,540 ..	15,962,728 ..	16,666,436

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
Apr. 6...	\$419,822,900 ..	877,406,300 ..	\$31,713,300 ..	\$430,840,900 ..	\$4,309,700 ..	\$1,409,575
" 13...	417,446,300 ..	81,234,500 ..	33,367,000 ..	434,143,800 ..	4,273,100 ..	6,065,530
" 20...	416,897,100 ..	87,771,800 ..	34,473,600 ..	440,635,000 ..	4,135,000 ..	12,086,690
" 27...	415,914,200 ..	86,922,000 ..	36,675,400 ..	440,681,800 ..	4,128,000 ..	13,426,990

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 30.....	\$152,855,300 ..	\$10,164,500 ..	\$4,545,900 ..	\$133,583,200 ..	\$2,824,800
Apr. 6.....	153,181,600 ..	12,393,600 ..	4,274,000 ..	138,640,600 ..	2,730,200
" 13.....	153,519,000 ..	10,995,400 ..	4,727,200 ..	139,237,300 ..	2,535,100
" 20.....	152,567,500 ..	11,219,600 ..	4,345,100 ..	140,233,000 ..	2,539,400
" 27.....	152,364,300 ..	11,089,600 ..	4,683,100 ..	138,686,600 ..	2,541,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 30.....	\$95,575,000 ..	\$26,063,000 ..	\$94,785,000 ..	\$2,314,000
Apr. 6.....	95,826,000 ..	25,328,000 ..	94,450,000 ..	2,314,000
" 13.....	95,580,000 ..	26,363,000 ..	96,178,000 ..	2,320,000
" 20.....	94,930,000 ..	26,819,000 ..	96,535,000 ..	2,320,000
" 27.....	95,295,000 ..	27,761,000 ..	96,933,000 ..	2,320,000

Sterling exchange has ranged during April at from 4.88½ @ 4.89 for bankers' sight, and 4.86½ @ 4.87½ for 60 days. Paris—Francs, 5.16½ @ 5.15½ for sight, and 5.18½ @ 5.17½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.86½ @ 4.87½; bankers' sterling, sight, 4.88½ @ 4.89. Cable transfers, 4.89½ @ 4.89½. Paris—Bankers' 60 days, 5.18½ @ 5.17½; sight, 5.16½ @ 5.15½. Antwerp—Commercial, 60 days, 5.21½ @ 5.20½. Reichmarks (4) — bankers', 60 days, 95½ @ 95½; sight, 95½ @ 95½. Guilders—bankers', 60 days, 40½ @ 40½; sight, 40½ @ 40½.

ECONOMIC NOTES

INFLUENCE OF WATER-WAYS ON COMMERCE.

One of the important appropriations last session of Congress was the sum of \$200,000 for the survey of a route for a ship canal between Lake Michigan and the Mississippi River. By "ship canal" it is not contemplated to build such a canal as that of Suez or the one under construction to Manchester in England, as the minimum depth to be provided is stated in the Act to be only seven feet, yet this would give tolerably free intercommunication by water between the great lakes and rivers the dimensions of the locks to be provided being designated as 170 feet in length and 30 feet in width. What this would mean in advantage to Chicago and other points is hard to estimate, yet if we are to judge from the results achieved through the canalization of the Main up to Frankfort in Germany, the expenditure is likely to be very beneficial from a commercial point of view, apart from the object to be attained by the Government, and which is stated in the Act, of being able to pass gunboats in time of war, for purposes of defense, from the lakes to the rivers and *vice versa*. At Frankfort, which in one respect is quite a case in point, the depth of water being less than seven feet, the new navigation has been open only about two years, and already is restoring to that city its old commercial character, it having recently, owing to the obstructions to navigation in the Main, become little more than a banking or financial center. The traffic of 1887 shows a forty-nine fold increase over that of 1881. While there is this enormous increase in water-borne trade, the railroads have been benefited also by the general activity, and show an increase of 36 per cent in their receipts in 1887 over the previous year. To adduce another case in point nearer home, the work of improving the St. Lawrence, between Quebec and Montreal, for ocean-going vessels to a channel of 27½ feet in depth, has at last been completed, and as the channel has improved, so has the amount of shipping and trade, the tonnage last year being 870,773 tons, against 412,478 in 1873.—*Engineering and Mining Journal*.

CO-OPERATIVE SOCIETIES IN GREAT BRITAIN.

George Jacobs Hollyoake, in a recent speech reviewed the work of the co-operative societies of Great Britain as follows: "They now own land; they own streets of dwellings and almost townships; they own vast and stately warehouses in Manchester, in London, in New Castle-on-the-Tyne, and in Glasgow. They own a bank whose transactions amount to \$8,000,000 a year. They possess more than 1,400 stores, which do a business of over \$150,000,000 a year; they own share capital of \$45,000,000 in amount, and are making now for their 900,000 members more than \$15,000,000 of profit annually. The mighty power of co-operation has enabled the working class in the last twenty-five years to do a business of \$1,800,000,000, giving them a profit of nearly \$140,000,000. Their splendid wholesale society has buying stations in the chief markets of Europe and America. Their ships are on the sea. The life-boats they have given ride on our coasts. They aided in establishing a Mississippi Trading Company; they have invested \$400,000 in the Manchester Canal; they issue newspapers; they erect public fountains; they subscribe to hospitals and public charities; they own libraries, reading-rooms, and establish science classes, and subscribe scholarships

in the University. Formerly the religion and politics of the working people were dictated to them by their employers, squires, and magistrates. Now co-operatives have built halls for themselves, where they can hear the thing they will on any day they will. No landlord nor public can lock the door upon them because they own the place.

REAL ESTATE VALUES IN BERLIN.

How real estate in Berlin has risen within the last 150 years may best be gleaned from the recent sale of the Hotel du Nord. Councilor Schmidt bought the property, on which two small villas were then standing, in 1752. He offered to King Frederick the Great, when this monarch, after the demolition of the Berlin fortifications, did everything he could for building up the town, to erect two fine large houses in the place of the two small villas, if he be granted free timber, free lime, and exemption from taxes for all time to come, except a nominal annual tax of 4 thalers and 15 groschen (\$3.25 United States currency). This offer was "graciously accepted" by a Cabinet order dated Feb., 28, 1753, for the petitioner, his heirs, and all the future proprietors of the houses. When Countess Moltke in 1809 became the owner of the property she took advantage of the privilege thus granted, and successfully declined to have the then Major and Aide-de-Camp Count Wrangel quartered upon her. Later on the royal letter patent was quietly lost sight of, owing to the manipulations of some circumspect municipal councilors. Still in 1817 the banker Samuel Bacher Behrend only paid the old tax of 4½ thalers for his one house. In 1843 it was altered into a hotel by Herr J. E. Roth, who bought the house for 100,000 thalers, and resold it in 1860 for 145,000 thalers. The new owner, Seydertz, sold the house in 1864 for the sum of 210,000 thalers, and a few weeks ago it became the property of the Discount Society for 3,500,000 marks (1,166,666 thalers).

NEW YORK CITY.—For somewhat more than three-quarters of a century the northwest corner of Wall and William streets has been known as the home of the Bank of America. It was here that the bank, immediately after its organization in 1812, first established itself in a private dwelling house, which it had refitted for the purpose; and here the bank has constantly remained ever since, with the exception of two temporary removals while more commodious buildings were in process of erection. The first of these new buildings was that which was put up in 1836, and which, under the name of the "Grecian Temple," was well known to every citizen of New York for over fifty years, until it was demolished, toward the end of 1888, to make room for the massive building now nearing completion. This new building has a frontage of seventy feet on Wall and eighty feet on William street, consists of nine stories, and presents an imposing appearance. Its erection became necessary in order to accommodate the rapidly increasing business of the bank, to keep pace with the requirements of the age, and to insure an adequate return on the value of the property. The decision to build having once been reached, and the officers of the bank being unwilling to remain away from their cherished corner any longer than was absolutely necessary, arrangements were made to complete the building in the shortest time compatible with the solid and substantial character of the work. Accordingly, though the foundation was not begun until October, 1888, the whole of both fronts was finished early in January of the present year, the exterior is now substantially completed, and the Bank of America will be in its old home after an absence of less than nine months.

BANKING AND FINANCIAL ITEMS.

BUENOS AYRES, says the *Financial News*, is a go-ahead city. Like the republic of which it is the capital, the town distinguishes itself by its appetite for expenditure and borrowing. Buenos Ayres possesses some 470,000 inhabitants, and it does not, therefore, rank very high among the great cities of the world. But as regards annual expenditure it occupies a high position relatively to those towns which beat it in size. Its last budget deals with the tidy little sum of \$15,344,000, or £2,140,000, of which about half is met by taxation and the remainder out of the recent loan. The debt service alone costs two million dollars, and sanitary arrangements swallow up a million more. The ordinary municipal administration costs \$5,000,000, and the remaining seven millions are for extraordinary expenditure, such as making and paving new streets and building a new hospital. With about a third of the population of Berlin, Buenos Ayres spends nearly as much money, and, in comparison with some of the great towns of the United Kingdom, the expenditure of the Argentine capital appears most extravagant. It is at the rate of over £5 per head of the population as compared with £4 14s. in Paris, which is an exceptionally heavily-taxed city, and is about double the rate of expenditure per head in London. The taxation alone of Buenos Ayres is fully £2 10s. per head, and that only covers the debt service and the cost of every-day administration.

NATIONAL BANK circulation continues to show a steady falling off. The total amount outstanding on March 1st amounted, according to the report of the Comptroller of the Currency, to \$224,218,625. This represents a decrease of \$4,871,332 for the month, and of \$38,288,914 for the twelve months. The portion of the circulation based on the United States bonds amounted to \$140,874 515, a decrease of \$2,705,798 for the month, and of \$22,360,990 for the year. The circulation secured by the deposit of money with the treasurer amounted to \$83,344,110, a decrease of \$2,165,534 for the month, and of \$15,927,024 for the year.

NEW YORK CITY.—It will be remembered that the Bank of North America sold its banking house at 44 Wall street last spring to the Bank of America, where the latter institution is about completing its splendid building. Immediately after this transaction the Bank of North America removed temporarily to the Mills Building on Wall street. Since then President William Dowd and Cashier Trowbridge have been seeking a suitable location for permanent use. This they have finally secured, and on Saturday of last week the Bank of North America removed to the building of the Equitable Life Insurance Company, on the corner of Nassau and Cedar sts. Here, in a location which is readily accessible, they have fitted up a very complete and commodious set of banking offices. The offices are furnished with two fire-proof vaults. One of these, in which the securities are to be kept, is fitted with a time lock and with all other devices known for attaining absolute safety; the other vault is intended solely as a depository for the books of the bank. Though the removal was made only a week ago, the close of the present week finds the Bank of North America fully established and at home in one of the most neat and convenient banking establishments of the city.

THE NEW YORK SUB-TREASURY WITHOUT A HEAD.—The death of Assistant Treasurer McCue brought up a peculiar question between the Sub-Treasury and the Custom House. It was the first time it had arisen in the history of the two departments. At the usual hour the Custom House messenger delivered at the Sub-Treasury the day's collections, amounting to about \$350,000. Cashier M. L. Muhleman, in charge of the office, declined to receive the amount in an official capacity. The messenger went back to the Custom House and soon reappeared with Deputy Collector McClelland, who demanded an explanation. Mr. Muhleman said the death of Judge McCue left the office practically without a head. He had received his power of attorney direct from Judge McCue, and that gentleman having died, his delegated powers had ended. Mr. McClelland thought that in the interregnum between Judge McCue's death and the arrival of Treasurer J. W. Hyatt, the delegated power still survived. It was finally agreed that the money should be

placed in the Sub-Treasury vaults over night, and this was done, both with the Custom House receipts and those of other local departments of the Federal Government.

BUFFALO.—At last Buffalo has fallen in line with the other large cities of the country, and has a clearing house. The clearing house is located in the National Savings Bank at Main and Erie streets, a very convenient place for the up-town and down-town banks. Edward S. Dann, cashier of the National Savings Bank, is to be manager of the institution, and the committee on details consists of Messrs. H. G. Molton, Franklin Sidwap and W. C. Cornwell.

CHICAGO.—Byron Smith, receiver of the Traders Bank, recently filed in Judge Shepard's court his report of the condition of that property at the close of business on March 2d, 1889. On the date of suspension the assets on hand were \$901,630.03; \$104,930.59 has been since acquired, making a total of \$1,006,562.62. There are liabilities to the amount of \$900,273.32. The receipts from bills receivable have been applied to payment of offset dividends. One dividend of 15 per cent. has been paid, and also another of 10 per cent.

FALL RIVER, MASS.—It is probable that another new bank building will soon be erected on the southeast corner of Bank and North Main streets, Fall River. The Fall River National Bank, now occupying the site, owns the land, and it is their intention to erect a fine four-story building of pressed brick with brown stone and terra cotta trimmings.

DULUTH, MINN.—The Marine Bank is one of the new concerns that will be added to Duluth's banking institutions. It starts out with \$100,000 paid up capital, under State authority, and will increase within one year to \$250,000. The capital is mostly put up by Eastern leaders, and it will not lack for funds to accommodate patrons. Wilmot Saeger, who is president of First National Bank of Harrisonville, Missouri, and who has followed banking for twelve years, is one of the projectors, and James Billings, of this city, is another. Mr. Billings is secretary and treasurer of the American Loan and Trust Company, and also owns a bank at Hubbard, Minnesota.

RICHMOND, VA.—At a meeting of the subscribers to the stock to the Savings Bank of Richmond, at the office of Warren & Quarles, the following directors were appointed, in addition to the seven charter members: B. Alsop, L. Z. Morris, D. O. Davis, H. T. Ellyson, L. B. Tatum, John H. Dinneen, E. D. Starke, Hermann Schmidt, P. Whitlock, John W. Gordon, H. W. Swineford, E. L. Trant, O. O. Owen, M. D. Hargrove, F. Sitterding, W. H. Zimmermann, Henry Bodeker, and G. G. Valentine. The following are the directors named in the charter: James Lyons, W. R. Quarles, George L. Christian, John Pope, M. M. Gilliam, R. A. Patterson, and H. B. Taliaferro. Mr. R. A. Patterson was elected president of the company, and Mr. George N. Woodbridge, cashier.

NEW YORK CITY LOAN.—The successful placing of bonds for the city of New York at $2\frac{1}{2}$ per cent. is giving rise to considerable comment. It is stated that it is an intimation of the fact that the interest rate on safe investments is now rather below 3 per cent. per annum, 4 per cent. mortgages being hardly available in satisfactory quantities for institutions needing such collateral.

PHILADELPHIA.—In cleaning out an old well on Second street, the cleaner discovered a heavy canvas bag, which proved to be filled with gold. The amount was \$940, while a portion dropped out in raising the bag to the surface. He proceeded with his work, and when the day was ended did what his fellow-workmen say was the squarest thing ever known. Nearly \$500 he divided among them, \$100 he presented to his mother; \$300 went to his own credit in the savings fund, and with the remaining \$100 he indulged in a mild celebration.

BUFFALO.—The stockholders of the Farmers and Mechanics National Bank of Buffalo, N. Y., have closed up its business and reorganized under the State Law, whereby all the assets and liabilities of the dissolved National Banking Association immediately become the property of the State Banking Association. There will be no material change in the management, and the only change in the name will be the dropping of the word national. The well known banker, E. G. Spaulding, is president of this institution.

NEW HAMPSHIRE.—New Hampshire is to investigate the Western farm-mortgage business. Over 25 per cent. of the funds of the New Hampshire banks has been placed in the Western country. While the banks have aggregate liabilities of over \$58,000,000, they have loaned over \$15,000,000 to Western farmers. This, in the opinion of many financiers, is an unsafe extension of a very profitable trade, especially when it is taken in connection with over \$5,000,000 more placed at the West on city mortgage security and another \$1,000,000 in other loans.

CINCINNATI.—D. J. Fallis, president of the Merchants National Bank of Cincinnati, Ohio, is certainly a wonderful man. Now at the age of eighty years, besides being president of the bank named, he owns oil wells in Pennsylvania and iron furnaces in Birmingham, Ala., and has numerous smaller interests, to all of which he gives his close personal attention.

THE CHEQUE BANK.—The Cheque Bank has introduced to this country a new plan of furnishing bills of exchange and letters of credit which is popular in England. Its assets are in the form of British Government securities. The bank sells its checks either singly or bound in portable book shape, and these are as good in one country as another, and cashed on presentation, without charge, by the principal banking houses of Europe. The check is safer to carry than a bank note, because it is valueless till signed by the holder, and, being crossed, can be paid only through a bank. This crossing, it may be explained, is done by the maker at the drawee's request, or is left blank, and as the bank knows its depositor, and the paying bank knows the other bank, there is no danger of paying the wrong person. These remarkable provisions of security will be gratefully appreciated by travelers. E. J. Mathews & Co., of 2 Wall street, are the American agents of the Cheque Bank. The opening of this important agency in New York is well timed. The exodus of Americans to Europe this season bids fair greatly to surpass that of any previous year, owing to the magnetic power of the Paris Exposition. To all intending tourists the Cheque Bank offers great facilities. Time is saved, for there is no delay in going to the bankers, and this convenience is something which old travelers especially know how to appreciate. This applies particularly to those who have only a few weeks to spend abroad.

POSTAL SAVINGS BANKS.—There are 8,351 post office savings banks in Great Britain and Ireland. During the year 1886 the deposits amounted to \$78,484,262, and the amount standing to the credit of all open accounts at the end of the year was \$254,371,650. As this does not include the ordinary savings banks, it seems clear that the English workingman has acquired habits of industry and economy, and that, despite the conditions with which some of our politicians claim that he is surrounded, he is able to contribute materially to the wealth of the country.

ANOKA, MINN.—Through the rascality of its cashier, P. F. Pratt, the First National Bank has met a heavy loss, and is in the possession of a receiver. The bank officials, received the first news of his doings from the Merchants' Bank of St. Paul. Pratt had overdrawn his bank's account to the amount of \$20,000. A trusted messenger was at once dispatched to St. Paul to investigate, and the discovery was made that Pratt had drawn out about \$8,000 due the bank, and over twice as much more on his cashier's check. The bank officers were notified, and, in company with the cashier of the Merchants' National Bank of St. Paul and a Minneapolis expert, gave a hasty overhauling of Pratt's accounts. Enough was learned to show that matters were in a bad mess, and that Pratt is a thief to the amount of nearly \$100,000. Not knowing where the end might be, the Directors decided to place the bank in the hands of the Bank Examiner, and he will appoint a receiver to settle the affairs or close up the business. It is impossible to tell how great has been Pratt's villainy. The bank's correspondents, in both Chicago and New York, allowed him to overdraw to the amount of \$15,000. It is probable that he has drawn to the full limit of both banks. They have been telegraphed to refuse payment on all checks signed by Pratt. In addition to this, he raised about \$30,000 on his personal note, indorsed by Mrs. Nollan, an aged widow residing in Dayton, who trusted him to manage her business affairs. Pratt managed his rascality very cleverly, and, as far as it was possible to learn in the little time for investigation,

the books of the bank appeared all right on their face. He had made no entry of the checks on the Merchants' National Bank of St. Paul. He got them cashed in the Northwestern Bank of Minneapolis, one check passing the Clearing House March 30 and the other April 1. There was quite a contest on the part of the Directors at the January meeting over his election, on account of the domestic scandal. A compromise was finally effected, the understanding being that he should close up certain business matters with which he was familiar, at a reduced salary. From that moment, it would seem, he went deliberately to work to steal all he could. The president of the bank is H. L. Tickner, one of the pioneer citizens of the Northwest and a well-known business man of this city. He has \$8,000 in stock, as much more on deposit, and will probably be called on to sink several more thousands in the closing up of matters. The capital stock was \$50,000.

PROVISION STATISTICS.—The Cincinnati *Price Current* is the leading journal in this country in statistics relating to pork packing, grain and provisions, and its annual statistical report is always gladly welcomed. This has just appeared, and brings the figures down to March 1, 1889. The tables are as full as usual; nor is it too much to say that they are doubtless the most accurate of any that are published.

THE NEW COMPTROLLER OF THE CURRENCY.—In the selection of Mr. Edward Lacey, of Michigan, as Comptroller of the Currency, the President has chosen for an important office a gentleman of long experience in banking, and of creditable record in public life. As a member of Congress, Mr. Lacey exercised a wholesome influence on financial legislation, and gave evidence of a clear perception of the sound principles to which it is necessary to adhere in the regulation of the currency. He showed full appreciation of the dangers of excessive silver coinage, and made earnest protest against the blind folly and fallacy of the policy advocated by the silver men. His course in public life has indicated an intelligent conception of the principles on which the banking system is founded, and it is reasonable to suppose that he will prove as competent to deal with the banking and currency questions now to be met as with those that confronted the Forty-seventh and Forty-eighth Congresses.

ILLINOIS—THE NEW BANK ACT.—The Chicago *Economist* says: "The decision of the Supreme Court affirming the validity of the Bank Act is one of the most important ever rendered in Illinois, and the State is now provided with a good working law, which it has never before had under the present Constitution. The court has brought the bungling work of the Legislature in line with the organic law, and the result is a good Banking Act, which the State has needed for many years. Associations can now be formed anywhere in the State in accordance with the requirements of business. The law will have a great influence on the financial and commercial affairs of the State. Its effects may not be immediately visible to any great extent, but in the course of a decade they will be seen not only in this city, but in all the important centers of business throughout Illinois. The National banks now have a great lead, and will hold their prestige for a long time yet unquestionably, but the very basis of their existence is threatened by the reduction in the National debt, and no new basis has yet been discovered. In this city many efforts to form new financial institutions have been put forth in the past few years, but the great difficulty has been to secure the right sort of a charter. Nearly all the old bank charters have been rendered valueless by one cause or another, and capitalists naturally dislike to organize under the unlimited liability of partnership. Organizations can now be formed with only the same liabilities and under substantially the same conditions as those of Eastern cities. We shall accordingly have in this city new State banks, trust companies, mortgage loans companies, etc., and throughout the State local banks will spring up."



NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 798.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
ARK ...	Lonoke.....	Bank of Lonoke..... Chas. W. England, <i>P.</i> W. R. McCrary, <i>V. P.</i>	Chase National Bank. L. S. Joseph, <i>Cas.</i>
CAL....	Hueneme.....	Bank of Hueneme..... \$10,000 Thos. R. Bard, <i>P.</i> Achille Levy, <i>V. P.</i>	Drexel, Morgan & Co. Thos. J. Gregg, <i>Cas.</i>
" ..	Los Angeles....	State Loan & Trust Co.. \$1,000,000 Geo. H. Bonebrake, <i>P.</i> John Bryson, Sr., <i>V. P.</i>	American Exchange Nat. Bank. Samuel B. Hunt, <i>Cas.</i>
COL....	Montrose.....	First National Bank..... \$50,000 T. B. Townsend, <i>P.</i> E. L. Osborn, <i>V. P.</i>	Hanover National Bank. A. L. Bonney, <i>Cas.</i>
DAK....	Madison.....	Nat. Loan & B'k'g Co.. Chas. B. Kennedy, <i>P.</i> E. H. Clapp, <i>V. P.</i>	..... Wm. F. Kennedy, <i>Cas.</i> J. L. Jones, <i>Ass't Cas.</i>
" ..	Minot.....	First National Bank..... \$50,000 E. Ashley Mears, <i>P.</i> James Johnson, <i>V. P.</i>	Chase National Bank. Ashley E. Mears, <i>Cas.</i> F. M. Medhurst, <i>Ass't Cas.</i>
ILL....	Cuba.....	Bank of Cuba..... (Homer W. McCoy & Co.)	Merchants Exchange Nat. Bank.
" ..	Harrisburgh....	First National Bank..... \$50,000 Robt. Mick, <i>P.</i> Wm. M. Gregg, <i>V. P.</i>	Third National Bank. Thomas W. Hall, <i>Cas.</i>
" ..	Hoopeston....	Burwell, Hamilton & Morgan. \$32,500 Moses T. Burwell, <i>P.</i> John L. Hamilton, <i>V. P.</i>	Kountze Bros. E. R. Morgan, <i>Cas.</i> J. L. Hamilton, <i>Ass't Cas.</i>
" ..	Mendon.....	J. S. Wallace & Bro.	.....
" ..	Murphysboro ..	First National Bank..... \$50,000 Wm. K. Murphy, <i>P.</i>	..... Williard Wall, <i>Cas.</i>
" ..	Roodhouse....	Peoples Bank..... \$10,000	..... Chas. T. Bates, <i>Cas.</i>
IND....	Royal Centre...	Royal Centre Bank..... Daniel P. Baldwin, <i>P.</i>	..... Wm. C. Thomas, <i>Cas.</i>
IOWA...	Davenport.....	Iowa National Bank..... \$100,000 Chas. Beiderbecke, <i>P.</i>	..... A. P. Doe, <i>Cas.</i>
" ..	Earling.....	Bank of Earling.....	..... J. F. Huntoon, <i>Cas.</i>
" ..	Sioux City.....	West Side Sav. Bank..... \$50,000 Geo. E. Westcott, <i>P.</i> W. D. Irvine, <i>V. P.</i>	..... Harry S. Hubbard, <i>Cas.</i>
KAN....	Blakeman.....	Citizens State Bank..... \$18,000 John M. McFadden, <i>P.</i> Thos. W. Cochran, <i>V. P.</i>	Merchants Exchange Nat. Bank. Otis L. Branson, <i>Cas.</i>
" ..	Burlingame....	First National Bank..... \$75,000 C. M. Sheldon, <i>P.</i> J. A. Finch, <i>V. P.</i>	Chemical National Bank. A. M. Miner, <i>Cas.</i> A. G. Sharp, <i>Ass't Cas.</i>
" ..	Chanute.....	Chanute National Bank. \$60,000 Geo. W. Johnston, <i>P.</i>	Chemical National Bank. John O. Johnston, <i>Cas.</i>
" ..	Corning.....	Farmers State Banking Co.. \$10,000 J. M. Randel, <i>P.</i> David Henry, <i>V. P.</i>	National Park Bank. P. T. Casey, <i>Cas.</i>
" ..	Frankfort.....	State Bank of Frankfort. \$35,000 Chas. Dougherty, <i>P.</i>	National Park Bank. Leonard V. McKee, <i>Cas.</i>
" ..	Lamborn.....	Pembroke P. Thomas & Co.. Farmers & Merchants B. Amos W. Hostetter, <i>P.</i>	..... John W. Lobley, <i>Ass't Cas.</i> Chas. Furber, <i>Cas.</i>
" ..	Manhattan.....	Union National Bank... \$50,000 Lee R. Henry, <i>P.</i> O. Huntress, <i>V. P.</i>	National Bank Republic. Letcher L. Ashbrook, Jr., <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN....	Smith Centre... \$15,000	Farmers & Merchants B. H. R. Stone, <i>F. P.</i>	S. M. Wilcox, <i>Cas.</i>
KY. . .	Owensboro..... \$125,000	Owensboro Nat. Bank... Richard Monarch, <i>P.</i>	Lawson Reno, <i>Cas.</i>
MASS. .	Lenox..... \$50,000	Lenox National Bank... Henry Sedgwick, <i>P.</i>	Edward McDonald, <i>Cas.</i>
MICH...	Carsonville.....	Bank of Carsonville..... Joseph M. Gaige, <i>P.</i>	Wm. H. Aiken, <i>Cas.</i>
" ..	Gladstone..... \$50,000	Gladstone Exch. Bank... H. W. Gaige, <i>V. P.</i>	A. H. Davis, <i>Ass't Cas.</i>
" ..		J. F. Collom, <i>P.</i>	Chase National Bank.
" ..		Fred. W. McKinney, <i>P.</i>	Edwin Teir, <i>Cas.</i>
MINN...	Duluth..... \$100,000	Marine Bank..... James Billings, <i>P.</i>	Hanover National Bank. Wilmot Saeger, <i>Cas.</i>
" ..	Duluth..... \$100,000	Nat. Bank of Commerce. John A. Willard, <i>P.</i>	Seaboard National Bank. Wendell P. Hurlbut, <i>Cas.</i>
" ..	Ely..... \$10,000	Bank of Ely..... Chas. E. Shannon, <i>P.</i>	E. W. Matter, <i>Ass't Cas.</i>
" ..		O. D. Kinney, <i>P.</i>	Merchants Exchange Nat. Bank.
" ..		Joseph Sellwood, <i>V. P.</i>	Gustaf Aspegren, <i>Cas.</i>
MISS. .	Winona.....	Purnell & Hawkins.	National Park Bank.
MO.....	Deepwater..... \$10,000	Bank of Deepwater. W. F. White, <i>P.</i>	C. N. White, <i>Cas.</i>
" ..	Dexter..... \$7,500	Stoddard County Bank... D. Stark, <i>P.</i>	D. B. Garrison, <i>Cas.</i>
" ..	Hannibal..... \$100,000	First National Bank..... Robert Elliott, <i>P.</i>	Wm. A. Latimer, <i>Cas.</i>
" ..	Hermitage..... \$5,000	Hickory County Bank... Wm. H. Liggett, <i>P.</i>	James Vaughn, <i>Cas.</i>
" ..	South West City.....	South West City Bank.. (A. F. Ault.)	Importers & Traders Nat. Bank.
" ..	St. Louis..... \$2,000,000	Continental Nat. Bank.. Geo. A. Baker, <i>P.</i>	National Park Bank. Chas. W. Bullen, <i>Cas.</i>
" ..	Versailles..... \$15,000	Bank of Morgan County. J. M. Thompson, <i>V. P.</i>	Hanover National Bank.
" ..		Willis E. Maynard, <i>P.</i>	Wesley W. Moore, <i>Cas.</i>
" ..		John Lumper, Jr., <i>V. P.</i>	J. S. Thurston, <i>Ass't Cas.</i>
NEB....	Clarks..... \$20,000	Merrick County Bank.... H. Chamberlin, <i>P.</i>	Hanover National Bank. W. Chamberlin, <i>Cas.</i>
" ..	Harvard..... \$100,000	Union State Bank..... O. W. Eaton, <i>V. P.</i>	Kountze Bros.
" ..		Edward Updike, <i>P.</i>	L. J. Titus, <i>Cas.</i>
" ..	Lawrence..... \$10,000	N. D. Blackwell, <i>V. P.</i>	
" ..		G. W. Updike, <i>V. P.</i>	
" ..		State Bank of Lawrence. C. F. McGrew, <i>P.</i>	Frank Kramer, <i>Cas.</i>
" ..		G. W. Clawson, <i>V. P.</i>	
" ..	Venango.....	Bank of Venango..... James W. Maher, <i>P.</i>	Arthur C. Maher, <i>Cas.</i>
N. H....	Laconia..... \$50,000	Peoples National Bank.. Albert G. Folsom, <i>P.</i>	Edmund Little, <i>Cas. (pro tem.)</i>
" ..		James H. Tilton, <i>V. P.</i>	
N. Y...	Buffalo..... \$200,000	Farmers & Mechanics B. E. G. Spaulding, <i>P.</i>	Merchants National Bank. E. R. Spaulding, <i>Cas.</i>
" ..		F. Sidway, <i>V. P.</i>	Henry Ganson, <i>Ass't Cas.</i>
" ..	Buffalo.....	The Peoples Bank..... Daniel O'Day, <i>P.</i>	Clarence W. Hammond, <i>Cas.</i>
" ..		Arthur D. Bissell, <i>V. P.</i>	
" ..	Potsdam..... \$50,000	Peoples Bank..... Carlton E. Sanford, <i>P.</i>	Will L. Pert, <i>Cas.</i>
" ..		Wm. A. Herrick, <i>V. P.</i>	
N. C...	Durham..... \$100,000	Morehead Banking Co... Gerrard S. Watts, <i>P.</i>	Importers & Traders Nat. Bank. Wm. M. Morgan, <i>Cas.</i>
" ..		Wm. H. Willard, <i>V. P.</i>	
" ..	Hendersonville..... \$30,000	State Bank of Commerce. Geo. H. P. Cole, <i>P.</i>	National Park Bank. Marion C. Toms, <i>Cas.</i>
" ..			J. A. Maddrey, <i>Ass't Cas.</i>

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. C.... Newton.....	Catawba County Bank..	National Bank of Deposit.
\$15,000	L. S. Kenyon, <i>P.</i>	H. R. Kenyon, <i>Cas.</i>
	Dick Rockwell, <i>V. P.</i>	
OHIO... Akron.....	Akron Savings Bank....	Hanover National Bank.
\$100,000	Wm. Buchtel, <i>P.</i>	Aaron Wagoner, <i>Cas.</i>
	Chas. R. Grant, <i>V. P.</i>	
" .. Clarksville.....	Clarksville Bank.....	.....
	Samuel C. Kelley, <i>P.</i>	John A. Kelley, <i>Cas.</i>
" .. Dayton.....	Teutonia National Bank.	.....
\$200,000	Edward Pape, Sr., <i>P.</i>	Louis H. Pooock, <i>Cas.</i>
	Fred Reibold, <i>V. P.</i>	
PENN... Du Bois.....	Bank of Du Bois.....	Hanover National Bank.
\$50,000	James E. Long, <i>P.</i>	M. W. Wise, <i>Cas.</i>
" .. East Stroudsb'g.	East Stroudsb'g N. B.	.....
\$50,000	Milton Yetter, <i>P.</i>	Wm. Burrows, <i>Cas.</i>
" .. Mahanoy City..	Union National Bank...	Hanover National Bank.
\$100,000	Andrew Comrey, <i>P.</i>	Eli. S. Reinhold, <i>Cas.</i>
	H. K. Smith, <i>V. P.</i>	
TENN .. Henderson....	Farmers & Merch. Bank.	Chase National Bank.
\$10,000	J. F. O'Neal, <i>P.</i>	R. E. McKinney, <i>Cas.</i>
	H. D. Franklin, <i>V. P.</i>	
" .. Pulaski.....	Com. Bank & Trust Co..	Hanover National Bank.
\$60,000	Liles E. Abernathy, <i>P.</i>	Geo. T. Riddle, <i>Cas.</i>
	Wm. Batte, <i>V. P.</i>	J. H. Lightfoot, <i>Ass't Cas.</i>
" .. Rogersville....	Rogersville Nat. Bank...	.....
\$50,000	Samuel Neill, <i>P.</i>	Wm. D. Kenner, <i>Cas.</i>
" .. Tullahoma....	Traders National Bank..	.....
\$50,000	William R. French, <i>P.</i>	Fletcher B. Martin, <i>Cas.</i>
TEXAS.. Beaumont.....	First National Bank.....	.....
\$100,000	V. Wiess, <i>P.</i>	J. P. Alvey, <i>Cas.</i>
" .. Bowie.....	Bank of Bowie.....	Hanover National Bank.
\$20,000	(T. C. Phillips.)	.....
" .. Commerce.....	Commerce Nat. Bank...	Hanover National Bank.
\$50,000	W. A. Dabbs, <i>P.</i>	C. B. Jones, <i>Cas.</i>
	C. J. Hundlev, <i>V. P.</i>	
" .. Forney.....	Nat. Bank of Forney....	National Bank of the Republic.
\$50,000	W. H. Gaston, <i>P.</i>	Geo. W. Voiers, <i>Cas.</i>
	C. M. Hobbs.	
" .. Houston....	Houston National Bank.	National Park Bank.
\$100,000	Henry S. Fox, <i>P.</i>	L. L. Jester, <i>Cas.</i>
	Jos. F. Meyer, <i>V. P.</i>	
" .. Texarkana....	Inter-State Nat. Bank...	Importers & Traders Nat. Bank.
\$125,000	Phil T. Norwood, <i>P.</i>	R. C. Carman, <i>Cas.</i>
	W. W. Sanders, <i>V. P.</i>	
	E. W. Taylor, <i>V. P.</i>	
" .. Vernon.....	First National Bank....	Hanover National Bank.
\$50,000	A. V. Thomas, <i>P.</i>	W. G. Curtiss, <i>Cas.</i>
	B. M. Lagan, <i>V. P.</i>	L. A. Snow, <i>Ass't Cas.</i>
VA.... Manchester....	Mechanics & Merch. B...	Hanover National Bank.
\$25,000	Arthur L. Adamson, <i>P.</i>	J. H. Patterson, <i>Cas.</i>
WASH.. Davenport.....	Big Bend National Bank.	.....
\$50,000	N. Fred. Essig, <i>P.</i>	Chas. C. May, <i>Cas.</i>
" .. Tacoma.....	Washington Nat. Bank...	.....
\$100,000	E. L. Scarritt, <i>P.</i>	C. S. Bridges, <i>Cas.</i>
" .. Tacoma.....	West Coast Fire & Marine Ins. Co. Bank.	Hanover N. B.
\$300,000	David L. Stick, <i>P.</i>	Noel B. Dolson, <i>Cas.</i>
	J. S. Howell, <i>V. P.</i>	I. M. Howell, <i>Ass't Cas.</i>
WIS.... Phillips.....	City Bank.....	Kountze Bros.
\$16,000	(Lewis Rossman & Co.)	Lewis Rossman, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 795.)

	Bank and Place.	Elected.	In place of.
CAL....	First Nat. Bank, Los Angeles..	G. B. Shaffer, <i>Ass't Cas.</i>	.....
"	S.B. of Southern Cal. Los Angeles	John N. Hunt, <i>S. & T.</i>	Sam'l B. Hunt.
COL....	First National Bank, Colorado Springs.	J. J. Hagerman, <i>P.</i> Chas. Thurlow, <i>V. P.</i>	Irving Howbert. J. J. Hagerman.
"	First Nat. Bank, Lamar.....	A. Sutton, <i>Ass't Cas.</i>	Chas. A. Noble.
CONN....	Deep River N. B., Deep River.	A. D. Rawlings, <i>V. P.</i>	J. H. Holmens.
"	Fairfield Co. Nat. B., Norwalk.	R. L. Selden, Jr., <i>Cas.</i>	Gideon Parker.
"	Waterbury Sav. B., Waterbury.	L. C. Green, <i>Cas.</i>.....	.....
DAK....	North West'n N. B., Aberdeen..	Nathan Dikeman, <i>P.</i>	C. B. Merriman.*
"	Beadle Co. National Bank, Huron.	Wm. Briggs, <i>Cas.</i> Frank E. Stevens, <i>P.</i>	Abel Marple. J. W. Vrooman.
FLA....	First Nat. Bank, Tampa.....	Hamilton Kerr, <i>V. P.</i>	Frank E. Stevens.
GA....	First National Bank, Albany.	D. G. Ambler, <i>P.</i> Rich'd Hobbs, <i>V. P.</i>	John N. C. Stockton
ILL....	First National Bank, Abington.	Frank Sheffield, <i>Cas.</i> H. B. Scheitlin, <i>Cas.</i>	H. H. Collier. W. A. Latimer.
"	Bank of Chester, Chester.	C. A. Murdock, <i>Ass't Cas.</i> H. Speckman, <i>P.</i>	H. B. Scheitlin.
"	German-Amer. N. B., Lincoln.	Jas. A. Douglas, <i>Cas.</i>.....	.....
"	First Nat. Bank, Metropolis....	Joseph Tabke, <i>Ass't Cas.</i>.....	.....
"	Merchants Nat. Bank, Peoria....	W. H. Armstrong, <i>Cas.</i>	J. M. Choat.
IOWA...	First Nat. Bank, Creston.....	Geo. H. Littlewood, <i>Cas.</i>	John B. Smith.
"	Farmers Bank, Inwood.	W. M. Scott, <i>V. P.</i> B. Bohnsen, <i>P.</i>	A. B. Devoe. W. Mulhall.
"	First Nat. Bank, Maquoketa....	James Skewis, <i>V. P.</i> Will Prichard, <i>Cas.</i>	J. P. Mulhall.
"	First Nat. Bank, Maquoketa....	F. H. Skewis, <i>Ass't Cas.</i>.....	.....
KAN....	Baxter Bank, Baxter Springs.	J. E. Squiers, <i>P.</i> Alexander Warner, <i>P.</i>	T. E. Cannell.
"	Peoples National Bank, Clay Center.	H. R. Crowell, <i>V. P.</i> Ira C. Perkins, <i>Cas.</i>.....	..... .....
"	Finney Co. N. B., Garden City.	Benj. S. Warner, <i>A. Cas.</i>.....	.....
"	State Bank of Inman, Inman.	L. McChesney, <i>P.</i> Mat. Schiltz, <i>V. P.</i>	J. B. Quimby. L. McChesney.
"	Armstrong Bank, Irving.....	Geo. W. Fennup, <i>V. P.</i>.....	.....
"	First National Bank, Kansas City.	A. A. Irvin, <i>P.</i> B. F. Duncan, <i>V. P.</i>	O. Heggelund. A. A. Irvin.
"	First National Bank, Kingman.	W. W. Armstrong, <i>Cas.</i>	J. R. Blaney.
"	Nat. Bank of Lawrence, Lawrence.	D. R. Emmons, <i>P.</i> Jas. D. Husted, <i>V. P.</i>	I. D. Wilson. D. R. Emmons.
"	Watkins Nat. Bank, Lawrence.	M. W. Chamness, <i>Cas.</i>	W. E. Maynard.
"	Bank of Ness City, Ness City.	J. W. Maynard, <i>A. Cas.</i> J. D. Bowersock, <i>P.</i>	M. W. Chamness. S. O. Thatcher.
"	Peoples Nat. Bank, Paola.....	Willis Brown, <i>V. P.</i> C. A. Hill, <i>V. P.</i>.....	..... .....
"	First Nat. Bank, Parsons.....	F. C. Borthwick, <i>P.</i> J. K. Barnd, <i>V. P.</i>.....	..... .....
"	Portis Bank, Portis.....	G. A. Borthwick, <i>Cas.</i>.....	.....
"	Pratt Co. National Bank, Pratt.	Joseph A. Hirst, <i>V. P.</i> F. C. Stevens, <i>P.</i>.....	..... R. S. Stevens.
"	Russell State Bank, Russell.	J. A. Rossman, <i>P.</i> Samuel T. Howe, <i>P.</i>	John E. Franklin. T. E. Simpson.
"	Wellington N. B., Wellington.	W. R. Robertson, <i>V. P.</i> Theo. Ackerman, <i>P.</i>	W. F. Pitzer.
"	Wellington N. B., Wellington.	J. M. Brundage, <i>V. P.</i> Albert Yoxall, <i>Cas.</i>.....	..... .....
"	Wellington N. B., Wellington.	E. B. Savage, <i>Ass't Cas.</i> Wm. H. Burks, <i>A. Cas.</i>.....	..... H. E. Frantz.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
KY.....	Catlettsburgh N.B. Catlettsbu'h.	James Trimble, <i>Ass't C.</i>	.....
"	.. Citizens Nat. Bank, Lebanon..	R. E. Kirk, <i>Cas.</i>	.....
"	.. Kentucky Nat. B., Louisville..	Attilla Cox, <i>V. P.</i>	A. M. Quarrier.
ME.....	First Nat. Bank, Auburn.....	H. C. Day, <i>Cas.</i>	L. L. Small.
"	.. First National Bank, Dexter. }	Chas. W. Curtis, <i>P.</i>	C. M. Sawyer.
"	.. Machias Bank, Machias. }	C. M. Sawyer, <i>Cas.</i>	Chas. W. Curtis.
"	.. Lime Rock National Bank, Rockland. }	L. L. Keith, <i>P.</i>	.....
"	.. "	Geo. F. Cary, <i>Cas.</i>	L. L. Keith.
"	.. "	Geo. W. Berry, <i>P.</i>	John T. Berry.
"	.. "	T. H. McLain, <i>Cas.</i>	Geo. W. Berry.
MD.....	Howard Bank, Baltimore.....	John R. Hooper, <i>P.</i>	Samuel Edmonds.
MASS....	Amer. L. & Tr. Co., Boston.....	S. E. Peabody, <i>P.</i>	.....
"	.. Nat. City Bank, Boston.....	Leverett S. Tuckerman <i>VP</i>	.....
"	.. Cambridge't S. B., Cambridge..	Henry W. Bullard, <i>Tr.</i>	Wm. Page.
"	.. Cohasset Savings Bank, Cohasset. }	J. Q. A. Lothrop, <i>P.</i>	Martin Lincoln.
"	.. "	Abraham H. Tower, <i>V. P.</i>	.....
"	.. Greenfield Sav. B., Greenfield..	Robt. Abercrombie, <i>P.</i>	Newell Snow.
"	.. Lawrence Nat. B., Lawrence...	Wm. P. Clark, <i>V. P.</i>	J. W. Smith.
"	.. First Nat. Bank, Newburyport..	Eben Sumner, <i>P.</i>	Chas. H. Coffin.
"	.. Spencer Nat. Bank, Spencer...	Frank A. Drury, <i>Cas.</i>	C. T. Linley.
"	.. Spencer Sav. Bank, Spencer...	J. W. Temple, <i>Treas.</i>	C. T. Linley.
MICH. .	Belding Sav. Bank, Belding.....	H. J. Leonard, <i>P.</i>	D. E. Wilson.
"	.. Sanilac Co. Bank, Croswell.....	R. B. Holmes, <i>Cas.</i>	W. H. Aitken.
"	.. Commercial Nat. B., Detroit...	F. A. Smith, <i>Ass't Cas.</i>	Austin E. Wing.
"	.. Farm. & Merch. B., Nashville..	C. A. Hough, <i>Cas.</i>	.....
"	.. The Pioneer B., North Branch. }	C. W. Ballard, <i>Cas.</i>	R. B. Lippincott.
"	.. First National Bank, Three Rivers. }	W. J. Willetts, <i>V. P.</i>	.....
"	.. "	Geo. T. Wolf, <i>Ass't Cas.</i>	.....
"	.. Three Rivers N.B., Three Rivers.	Johnson Bennett, <i>V. P.</i>	John Cox.
MISS....	First Nat. Bank, Yazoo City.....	Jno. Lear, <i>V. P.</i>	Chas. Mann.
MO.....	Cape Girardeau Co. Sav. B., Jackson. }	J. E. Franklin, <i>P.</i>	.....
"	.. "	Chas. Wellings, <i>Cas.</i>	.....
"	.. Jonesburgh Bank, Jonesburgh..	Taylor Purl, <i>P.</i>	Douglas Wyatt.
"	.. Mercantile Bank, Kansas City..	E. L. Martin, <i>P.</i>	Chas. R. Russell.
"	.. National Exch. Bank, Kansas City. }	Joseph M. Lowe, <i>P.</i>	T. T. Crittenden.
"	.. "	John K. Cravens, <i>V. P.</i>	J. M. Lowe.
"	.. United States Bank, Kansas City. }	R. W. Tureman, <i>P.</i>	A. T. Irvin.
"	.. "	D. P. Doak, <i>V. P.</i>	.....
"	.. "	R. J. Hawkins, <i>Cas.</i>	D. P. Doak.
"	.. B of Knob Noster, Knob Noster.	Clay E. Smith, <i>Ass't Cas.</i>	A. A. Johnson.
"	.. Southern Bank of Mexico, Mexico.	G. O. Talpey, <i>P.</i>	G. Hardy.
"	.. Neosho Savings Bank, Neosho. }	T. H. Marshall, <i>Ass't C.</i>	.....
"	.. "	A. J. Baurdick, <i>P.</i>	D. P. Weems.
"	.. "	D. P. Weems, <i>V. P.</i>	.....
"	.. "	B. P. Armstrong, <i>Cas.</i>	A. J. Baurdick.
"	.. First Nat. Bank, Trenton.....	R. M. Cook, <i>Cas.</i>	Chas. E. Ford.
MONT .	First Nat. Bank, Billings.....	H. Oldam, <i>Ass't Cas.</i>	.....
NEB....	Blue Springs Bank, Blue Springs. }	J. Payne, <i>Cas.</i>	.....
"	.. "	Geo. H. Van Horne, <i>A. C.</i>	.....
"	.. Lincoln Nat. Bank, Lincoln...	R. E. Moore, <i>V. P.</i>	N. C. Brock.
"	.. Farm. B'k'g. & Loan Co Superior.	A. E. Hunter, <i>Cas.</i>	W. S. Bloom.
"	.. First National Bank, Wayne. }	J. M. Strahan, <i>P.</i>	John T. Brewster.
"	.. "	Geo. Bogart, <i>V. P.</i>	.....
"	.. "	H. F. Wilson, <i>Cas.</i>	F. A. Dearborn.
N. H. .	First Nat. Bank, Newport.....	S. D. Lewis, <i>Ass't Cas.</i>	.....
"	.. Citizens National Bank, Tilton. }	Wm. T. Cass, <i>P.</i>	Silas W. Davis.*
"	.. "	E. G. Philbrick, <i>V. P.</i>	.....
"	.. "	Arthur T. Cass, <i>Cas.</i>	Wm. T. Cass.
N. Y. .	East N. Y. Sav. B., East N. Y.	Fred. Middendorf, <i>P.</i>	J. W. Van Siclen.
"	.. Queens County Bank, Long Island City. }	Edward S. Knapp, <i>P.</i>	John Good.
"	.. "	William Steinway, <i>V. P.</i>	.....
"	.. First Nat. Bank, Rondout.....	Walter E. Frew, <i>Cas.</i>	L. M. Franklin.
"	.. Salamanca Nat. Bank, Salamanca. }	Thos. Cornell, <i>P.</i>	.....
"	.. "	Rich'd J. McKay, <i>P.</i>	Albert G. Dow.
"	.. Farmers & Drovers Nat. B., Somers. }	Wm. H. Hazard, <i>A. Cas.</i>	.....
"	.. "	Wm. H. Wright, <i>P.</i>	Wm. Bailey.*
"	.. "	Wm. N. Todd, <i>V. P.</i>	Wm. H. Wright.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
N. C. . .	Raleigh Savings Bank, Raleigh.	W. C. Stronach, <i>P.</i>	J. J. Thomas.
		G. Rosenthal, <i>V. P.</i>	W. C. Stronach.
OHIO. . .	Farmers Nat. Bank, Bryant.	Chas. A. Bowersox, <i>P.</i> . . .	E. Y. Morrow.
" ..	Citizens Nat. Bank, Cincinnati.	H. M. Beazell, <i>Ass't Cas.</i>	Geo. Peck.
" ..	First Nat. Bank, Conneaut.	H. C. Maynard, <i>V. P.</i> . . .	Austin Jennings.
" ..	Malta National Bank, Malta.	Geo. S. Corner, <i>Act'g P.</i> . . .	.....
" ..	Morrow Co. N. B., Mt. Gilead.	W. P. Sprague, <i>Cas.</i>	H. D. Miller.
" ..	Farmers Bank, Shreve.	D. V. Wherry, <i>Cas.</i>	G. F. Wolcott.
" ..	Peoples National Bank, Wapakoneta.	P. B. Aylsworth, <i>P.</i>	A. J. Mumper.
		Otto Troutman, <i>Cas.</i>	J. L. Campbell.
		J. H. Doering, <i>V. P.</i>	J. A. Fritsch.
PENN. . .	Second Nat. Bank, Clarion.	Lewis Wisener, <i>A. Cas.</i> . . .	.....
" ..	Downington National Bank, Downington.	Porter Haskell, <i>V. P.</i> . . .	R. D. Newell.
		Jos. R. Downing, <i>P.</i>	Jacob Downing.*
" ..	First Nat. Bank, Hughesville.	Thos. W. Downing, <i>Cas.</i>	Jos. R. Downing.
" ..	Farmers Bank, Indiana.	W. C. Frontz, <i>Cas.</i>	T. J. Parmley.
" ..	First National Bank, Mt. Carmel.	Wm. B. Pattison, <i>P.</i>	J. A. McKnight.
		John T. B. Gould, <i>V. P.</i> . . .	.....
" ..	Spring Garden Nat. B., Phila.	J. J. Clarkson, <i>Ass't Cas.</i> . . .	.....
" ..	City Savings Bank, Pittsburgh.	Nathan Middleton, <i>V. P.</i> . . .	H. G. Sickel.
" ..	Kingston Nat. Bank, Reading.	James D. Callery, <i>P.</i>	James Callery.*
" ..	First National Bank, Uniontown.	Ferd. Goetz, <i>V. P.</i> . . . .	.....
		J. V. Thompson, <i>P.</i>	J. M. Thompson.*
" ..	PeoplesBof FayetteCoUnion't'n.	E. S. Hackney, <i>Cas.</i>	J. V. Thompson.
R. I. . . .	Bank of America, Providence.	J. A. Searight, <i>P.</i>	Ewing Brownfield*
" ..	Niantic Savings Bank, Westerly.	William S. Hayward, <i>P.</i> . . .	Zechariah Chafee.*
		Wm. B. Hull, <i>P.</i>	J. M. Pendleton.*
" ..	National Hope Bank, Warren.	James M. Pendleton, <i>S&T</i>	Thos. Vincent.
		E. M. Martin, <i>P.</i>	C. R. Cutler.*
		Samuel L. Peck, <i>V. P.</i> . . .	.....
		H. W. Eddy, <i>Cas.</i>	Geo. Williams.*
TENN. . .	Cleveland Nat. B., Cleveland.	J. E. Johnston, <i>A. Cas.</i> . . .	.....
" ..	Peoples Nat. B., McMinnville.	J. C. Biles, <i>V. P.</i>	C. Coffee.
" ..	M't's. B'k'g. & Tr. Co., S. Pittsb'h.	F. D. Arthur, <i>Cas.</i> . . . .	.....
" ..	First Nat. Bank, Sparta.	J. N. Walling, <i>Cas.</i> . . . .	.....
TEXAS. . .	First Nat. Bank, Alvarado.	J. P. Holmes, <i>Cas.</i>	Geo. A. Preston.
" ..	Fannin County Bank, Bonham.	C. W. Jester, <i>Cas.</i>	L. L. Jester.
" ..	Corsicana National Bank, Corsicana.	F. P. Kerr, <i>Ass't Cas.</i> . . .	.....
" ..	Sturgis Nat. Bank, Hillsboro.	C. A. Sullenberger, <i>A. C.</i> . . .	.....
" ..	Augusta Nat. Bank, Stanton.	Davis A. Kayser, <i>P.</i>	H. W. Sheffey.
VT. . . .	N.B. of Middlebury, Middlebury.	J. G. Wellington, <i>V. P.</i> . . .	Calvin Hill.
WASH. . .	First Nat. Bank, Seattle.	F. D. Jamesson, <i>Cas.</i>	W. T. Blackiston.
W. VA. . .	First Nat. Bank, Piedmont.	C. L. Dingley, <i>P.</i>	Geo. W. Harris.
Wis. . . .	First Nat. Bank, Kaukauna.	Frank F. Becker, <i>Cas.</i>	H. Kuehmstead.
" ..	Clark Co. Bank, Neillsville.	M. C. Ring, <i>P.</i>	Levi Archer.*
N. B. . . .	B. of Nova Scotia, Woodstock.	H. A. Flemming, <i>Agent.</i>	Wm. Haliburton.
N. S. . . .	Bank of Nova Scotia, Liverpool.	Wm. Haliburton, <i>Agent.</i>	H. A. Flemming.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from April No., page 799.)

3996	Haddonfield National Bank....	Samuel K. Wilkins, Haddonfield, N. J.	Arthur Pressey,	\$50,000
3997	Union National Bank.....	Andrew Comrey, Mahanoy City, Penn.	Eli S. Reinhold,	100,000
3998	Inter-State National Bank.....	Phil T. Norwood, Texarkana, Texas.	R. C. Carman,	125,000
3999	First National Bank.....	John J. Bartlett, Elm Creek, Neb.	Richard A. Lumley,	50,000
4000	First National Bank	Geo. L. Hassett, Moberly, Mo.	E. W. McJunkin,	100,000
4001	National Bank of Commerce...	John A. Willard, Duluth, Minn.	Wendell P. Hurlbut,	100,000
4002	Big Bend National Bank.....	N. Fred Essig, Davenport, Wash.	Chas. C. May,	50,000
4003	First National Bank.....	Rob't Mick, Harrisburgh, Ill.	Thos. W. Hall,	50,000
4004	Farmers & Mechanics N. Bank.	John R. Hoxie, Fort Worth, Texas.	S. D. Rainey, Jr.,	650,000
4005	Citizens National Bank.....	B. C. Van Houten, Spokane Falls, Wash.	J. F. McEwen,	150,000
4006	Owensboro National Bank.....	Richard Monarch, Owensboro, Ky.	Lawson Reno,	125,000
4007	First National Bank.....	T. B. Townsend, Montrose, Col.	A. L. Bonney,	50,000
4008	Union National Bank.	Lee R. Elliott, Manchester, Kan.	Letcher L. Ashbrook, Jr.,	50,000
4009	First National Bank.....	E. Ashley Mears, Minot, Dak.	Ashley E. Mears,	50,000
4010	First National Bank.....	Robert Elliott, Hannibal, Mo.	Wm. A. Latimer,	100,000
4011	East Stroudsburg Nat. Bank...	Milton Yetter, East Stroudsburg, Penn.	Wm. Burrows,	50,000
4012	First National Bank.....	J. R. Wikle, Cartersville, Ga.	J. H. Vivion,	50,000
4013	Lenox National Bank	Henry Sedgwick, Lenox, Mass.	Edward McDonald,	50,000
4014	National Bank of Forney.....	W. H. Gaston, Forney, Texas.	G. W. Voiers,	50,000
4015	Rogersville National Bank....	Samuel Neil, Rogersville, Tenn.	Wm. D. Kenner,	50,000
4016	First National Bank.....	C. C. Blanton, Meridian, Texas.	J. W. Ruadsill,	60,000
4017	First National Bank.....	V. Wiess, Beaumont, Texas.	J. P. Alvey,	100,000
4018	Washington National Bank....	E. L. Scarritt, Tacoma, Wash.	C. S. Bridges,	100,000
4019	First National Bank.....	Wm. K. Murphy, Murphysboro, Ill.	Williard Wall,	50,000
4020	Traders National Bank.....	Wm. R. French, Tullahoma, Tenn.	Fletcher B. Martin,	50,000
4021	Commerce National Bank.....	W. A. Dabbs, Commerce, Texas.	C. B. Jones,	50,000
4022	Iowa National Bank.....	Chas. Beiderbecke, Davenport, Iowa.	A. P. Doe,	100,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from April No., page 799.)

- N. Y. CITY..... Bank of North America is now located at 25 Nassau Street.
 " .. Clinton Bank is now located at 87 Hudson Street.
- ALA.... Birmingham... Peoples Savings Bank, now Peoples Savings Bank & Trust Co., same officers.
- COL.... Montrose..... Montrose Co. Bank, now First National Bank, same officers and correspondents.
- DAK.... Des Moines.... Merchants National Bank has gone into voluntary liquidation.
 " .. Madison..... Kennedy Bros., now National Loan & Banking Co., same correspondents.
- ILL.... Greenfield.... Metcalf & Johnson have retired from business.
 " .. Harrisburgh... Saline County Bank, now First National Bank, same officers and correspondents.
 " .. Monticello.... Bank of Monticello (Wm. Noecker), now Wm. Noecker & Co., proprietors.
- IOWA .. Alta.... Bank of Alta (Parker, Tincknell & Tucker), now Parker & Tincknell, proprietors.
- KAN.... Aiken Name of town changed to Inman; Bank now known as State Bank of Inman.
 " .. Augusta.... Brown Bros., now Geo. W. Brown & Son.
 " .. Baxter Springs. Baxter Bank (H. R. Crowell) has been incorporated.
 " .. Blakeman..... Citizens Bank, now Citizens State Bank, incorporated, same correspondents.
 " .. Burlingame.... Bank of Burlingame, succeeded by First National Bank.
 " .. Chanute..... Chanute Bank, now Chanute National Bank, same officers.
 " .. Corning .. Knox Bros., succeeded by Farmers State Banking Co.
 " .. Frankfort..... Bank of Frankfort (McKee & Dougherty), now State Bank of Frankfort.
 " .. Hope..... Union Banking Co. has transferred its business to Lost Springs.
 " .. Marysville.... Exchange Bank (Frank Schmidt), now Schmidt & Koester, proprietors.
 " .. Ness City..... Bank of Ness City (Borthwick Bros.), now incorporated.
 " .. Russell..... Russell Bank, now Russell State Bank.
 " .. Smith Centre.. Farmers Banking Co. has been succeeded by Farmers & Merchants Bank.
 " .. Warwick..... State Bank of Warwick has gone out of business.
- KY.... Lebanon..... National Bank of Lebanon has expired by limitation.
- MD.... Mechanicstown. Samuel M. Birely, now Birely & Osler.
- MICH... Gladstone.... Exchange Bank, now Gladstone Exchange Bank, incorporated.
- MINN... Anoka..... First National Bank has been placed in the hands of a receiver.
- MO.... Mexico..... Mexico Southern Bank, now Southern Bank of Mexico, same officers and correspondents.
 " .. St. Louis.... Continental Bank of St. Louis, now Continental National Bank, same officers and correspondents.
- NFB.... Franklin.... First National Bank has gone into voluntary liquidation.
 " .. Hardy..... Hardy Bank has been incorporated.
 " .. Harvard..... The Exchange Bank (Updike & Titus) proprietors, and the Commercial Bank (N. D. Blackwell & Co.) proprietors, have been succeeded by the Union State Bank.
 " .. Wood River... Wood River Bank has sold out to the First National Bank.

- N. Y... Buffalo..... Farmers & Mechanics National Bank has gone into voluntary liquidation, and succeeded by the Farmers and Mechanics Bank.
- N. C.... Durham..... Eugene Morehead & Co., now Morehead Banking Co.
 * .. Hendersonville. Geo. H. P. Cole, now State Bank of Commerce.
- OHIO... Dayton..... Dayton Savings Bank, now Teutonia National Bank.
- PENN... Du Bois..... First National Bank has gone into voluntary liquidation, and succeeded by Bank of Du Bois.
 * .. Indiana..... Farmers Bank has been incorporated.
- TEXAS.. Meridian..... Bosque County Bank, now First National Bank, same correspondents.
 * .. Texarkana..... Interstate Bank, now Interstate National Bank, same officers.
- WIS... West Salem.... Bank of West Salem (Wyatt H. Graves & Co.) have been succeeded by La Crosse County Bank.

DEATHS.

ARCHER.—On April 6, aged fifty-three years, LEVI ARCHER, President of Clark County Bank, Neillsville, Wis.

BAILEY.—On April 13, aged seventy-one years, WILLIAM BAILEY, President of Farmers and Drovers' National Bank, Somers, N. Y.

BRADLEY.—On April 19, aged seventy-nine years, AMOS A. BRADLEY, Cashier of Little Falls National Bank, Little Falls, N. Y.

BROWNFIELD.—On February 19, aged eighty-five years, EWING BROWNFIELD, President of People's Bank of Fayette Co., Uniontown, Penn.

CALLERY.—On April 5, aged fifty-six years, JAMES CALLERY, President of City Savings Bank, Pittsburgh, Penn.

CHAFEE.—On March 30, aged seventy-four years, ZECHARIAH CHAFEE, President of Bank of America, Providence, R. I.

CLARK.—On March 22, aged seventy-nine years, EDWIN CLARK, Treasurer of Penobscot Savings Bank, Bangor, Me.

CUTLER.—On March 26, aged sixty-seven years, C. R. CUTLER, President of National Hope Bank, Warren, R. I.

DAVIS.—On April 13, aged seventy-four years, JOHN G. DAVIS, Vice-President of Merchants' Exchange National Bank, New York City.

DAVIS.—On February 7, aged forty-eight years, SILAS W. DAVIS, President of Citizens' National Bank, Tilton, N. H.

GARDNER.—On March 8, aged eighty-two years, STEPHEN GARDNER, President of First National Bank, Hastings, Minn.

GOLDSMITH.—On April 16, EDWARD GOLDSMITH, Cashier of German Bank, Memphis, Tenn.

MAINE.—On March 30, aged forty-five years, A. W. MAINE, Assistant Cashier Western Banking Co., Ulysses, Neb.

MERRIMAN.—On March 15, aged seventy-nine years, CHAS. B. MERRIMAN, President of Waterbury Savings Bank, Waterbury, Conn.

NOLTON.—On April 23, aged fifty-one years, H. G. NOLTON, Vice-President of Bank of Commerce, Buffalo, N. Y.

THOMPSON.—On March 15, aged sixty-six years, J. M. THOMPSON, President of First National Bank, Uniontown, Penn.

WILLIAMS.—On March 16, aged seventy-two years, GEORGE WILLIAMS, Cashier of National Hope Bank, Warren, R. I.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, APRIL, 1889.

[illegible]

THE
BANKER'S MAGAZINE
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No. 12.

CONFLICT OF BUSINESS INTERESTS.

As the profits in the business of production and distribution decline, the conflict between various interests becomes more clearly defined, and they appeal more frequently to the States and railroads for assistance in the way of tariffs, restrictions, lower rates, and other advantages as against competitors. Appeals of this nature are made to the State Legislatures at every session. Last winter, in many of the States, the dairy farmers sought to secure stringent legislation against oleomargarine. In the Legislatures of Ohio and Massachusetts the rural districts supported and the cities opposed such legislation. This division of sentiment was the more interesting for the reason that the plea for action was the protection of consumers. Yet the support came from dairy interests that are not supposed to be consumers, and the opposition from cities where the product is sold and eaten. In both cases the proceedings showed public recognition of the fact that the contest between the dairies and the oleomargarine factories is simply a fight between competitive trade interests, in which the State has no more reason to suppress the one for the benefit of the other than in any other case of commercial rivalry. Public sentiment has undergone a change since the enactment of the Federal law, and there is a general disposition among unprejudiced citizens to resist further interference in a contest between two legitimate industries competing for public favor.

Another illustration of the same nature is the conflict between

the iron and steel manufacturers of Pittsburgh and Chicago. For many years the Pittsburgh manufacturers had great advantages over those who manufactured farther west, who bitterly complained of their unfortunate situation, and appealed to the railroad companies for relief. Now, the advantage has turned in favor of Chicago, and the Pittsburgh manufacturers, in turn, have appealed to the railroad companies. Remarkable changes have occurred in the recent history of the iron trade, and they have inured steadily to the benefit of the men who risked their fortunes on the southern shores of Lake Michigan. Raw material has been greatly reduced in cost, labor is much more abundant, and wages are not so extravagantly high as they once were, capital can be had without the enforced payment of usurious rates of interest, and the new Interstate Commerce act at least puts all competitors on an equal footing in requiring open rates to be made.

These illustrations might be easily multiplied, but the point we wish to make is this, that the State Legislatures, as well as Congress, should be slow in legislating for any interest, lest another be as greatly injured. Probably each business may be regarded as neither more nor less selfish than another, and whether one is more worthy of support and protection than another is often a very nice question. One thing is clear, the question is becoming more and more complicated, and consequently the Legislature should move more slowly than ever in interfering in behalf of anybody.

Only a few days ago strong complaints were uttered against the Pennsylvania Railroad Company for not reducing rates in favor of iron manufacturers; it was claimed that they were all losing money, and must cease to do business, temporarily, at least, unless the rates were reduced. It was said that the southern railroad companies were making much better terms for the manufacturers in their section; and many a newspaper declared that the State Legislatures and Congress ought to take the matter in hand. But this corporation, with the wisdom usually shown in its management, becoming convinced of the need of making reductions, ordered them. Cannot all these matters be better left to the various interests to fight out and adjust among themselves? We do not say, as some political economists do, to the operations of natural law, for we do not believe there is such a thing. We believe that every business man or company is usually trying to make as much as possible, and will take advantage of all rightful means to maintain the supremacy; but, as a whole, will not the public be best served if they are left to themselves? Of course, the public welfare must be maintained; no interest or union of interests must dominate over that. But should the State go any further? Should the State legislate in favor of one to the injury of another? And if it legislates at all, is not this often the effect?

THE STOCK COMPANY CRAZE.

Many kinds of business can be better conducted on the joint stock principle than on any other. A railroad company, for example, is too vast to be conducted by a single individual, unless the line be a short one. Within a few years there has been a conversion of many individual concerns into joint stock companies, especially in England and on the Continent. Of late a similar movement has been in progress here, more notably of the breweries. In most of these cases the stock is issued for a much larger sum than the price paid for the plant, thus enabling the original owners or converters to make a large amount of money from the transaction. Indeed, this is one of the objects of forming such companies. Of late, many land companies have been formed, and their stock is on the market for sale. In Germany, particularly, this movement has been very active during the last two years. Forty-one breweries have been transformed into stock companies having a capital stock of 26,500,000 marks. A German paper, in discussing this subject, makes the following remarks:

It is apparent that these schemes are under false pretenses. There is but one purpose—to sell the shares to the public. This leads to bitter competition and lower prices, resulting in over-production, which has an evil influence on the revenue. The smaller factories are driven to the wall, their workmen paid the lowest of wages. It would be more judicious to establish a standard scale of prices and pay the men better wages. The amendment to the law on corporations which promised protection has not fulfilled expectations. It has been proposed to place only such stocks on the market whose capital is at least five billions of marks. The only protection promised is in the hope that finally the public will learn to keep its eyes and ears open. Should this fever of organization of companies continue, Germany will surely experience a great financial crash.

In England the number of recently formed joint stock companies has rapidly multiplied; but not many of them have been formed for the purpose of making investments in this country. The apparent falling off in the tendency of foreign capital to seek employment in this country may be explained in part by the absence of offerings of important and desirable railway bonds in large sums, but perhaps the more influential reason is the formation abroad of a large number of trust investment companies. The London *Economist* has published a list of nineteen such companies, which have been formed in Great Britain during the first quarter of the year, with capital aggregating £25,075,000, which in our currency is equal to nearly \$125,000,000. During the entire year of 1888 only fifteen such companies were formed, with aggregate capital of £9,500,000, showing that the first quarter of this year was more fruitful of such schemes than the four quarters of last year. This list includes only such

concerns as were organized expressly to do an investment business, while there were many other trusts formed to tempt those who have money to invest it at home.

These companies are popular, but what the result will be time alone can determine. One effect has been to cause an advance in prices of securities in London. British railway stocks and foreign Government securities seem to be most favorably affected, for none of the American railway bonds have sustained much advance. The London correspondent of the *Financial Chronicle* reports that between the first day of the last fortnightly settlement in March and the first one in April one railway stock advanced £10, another £7½, a third £7½, two £6, two £5½ and two £5, and attributes this extraordinary rise partly to an ordinary speculation based upon improvement in trade, the large increase in traffic returns and the prospect of cheap money, but largely to the competitive purchases of the above mentioned trust investment companies. This correspondent also says that there is more animation in the market for American railroad securities, and there are signs that the speculative movement, which has nearly spent itself on the foreign market, and cannot reasonably be carried much further in the market for British railway stocks, is likely to extend to American railroad securities.

COMBINATION OF BUSINESS INTERESTS.

During the last month the three rolling mills near Chicago, the North Chicago, the Joliet Steel Company and the Union Steel Company were consolidated into one, having a capital stock of \$25,000,000. The new concern, we believe, is much the largest in the United States, having fourteen blast furnaces with a capacity of 700,000 tons. Besides, the company controls transportation lines, coal and iron mines and other large properties. One can readily perceive great economy in thus combining, especially the cheapening of the management; but this is perhaps the smallest view of the matter. Another reason for thus combining is to diversify the product manufactured. Of late years, concerns have been specializing in order to produce at less cost, but, there is greater danger of over-production, and we are now beginning to see clearly the weak side of manufacturing in this way. The steel rail companies in particular are beginning to see how weak they are so long as they continue to make only one product. If the market for rails falls away they can do nothing else, as their machinery is adapted solely to their production. So they are obliged to remain idle. The next stage in advance in manufacturing is to unite the

concerns which can make a single product, or a few products, at the lowest possible cost, so that among them all greater activity may be insured. Some of the steel mills, perceiving the risk that they were running in thus confining themselves to a single product, years ago began to diversify their products, and now, when the manufacture of steel rails is so depressed, they are realizing the wisdom of their policy, while seeing more clearly than ever that if a combination of the largest concerns could be made it is possible to run during dull times like these and get larger profits; or rather, lose less money. This is the principle at the bottom of the Chicago consolidation. It is not to form a trust, nor to raise prices, but to lessen the risk of production. So, too, many of the eastern iron and steel manufacturers perceive that if a combination could be effected among them, at least some of the enterprises would be profitable, and thus the risk of manufacturing would be considerably reduced.

Another advantage of thus consolidating is that a large company, with an abundance of capital and credit, would be inclined to undertake experiments which a smaller one would not. Thus, it is said, the Illinois Steel Company (which is the name of the new consolidation) will undertake the manufacture of tin, a somewhat hazardous experiment, and one which a smaller concern at the present time would hardly dare try. A steel manufacturer of large experience told us recently that if the capital was massed in a few concerns, several experiments which had long engaged the thoughtful attention of the manufacturers of this country would doubtless be tried; but as they were costly, no one of the number felt like incurring the expenditure. Such experimentation, however costly, is one of the necessities of maintaining supremacy, and if by thus massing capital they could be more easily undertaken, it would be an advantage of no small moment.

Surely so long as the object of combining is to diminish the cost of production, to lessen the risk and to secure greater advantages, the public ought not to be alarmed, for they are sure to be the gainers. Such a combination does not mean the diminution of workmen, but rather an increase in their number, the extension of business, its advancement to a greater degree of perfection, and the entering into new fields of investigation. These are some of the reasons which fully justify a movement like the recent one in Chicago. We are inclined to think that consolidations of this nature in other parts of the country are not far off. The advantage from so doing is so apparent; with the sharp competition in business and heavy losses in many branches, the movement is likely to be not long delayed.

A REVIEW OF FINANCE AND BUSINESS.

THE PROMISE OF A YEAR OF PLENTY.

The great and overshadowing feature in the business situation for the month of May has been an almost universal continuance, in both this country and Europe, of the fine crop conditions and prospects for 1889 noted a month ago. All the changes since then have been favorable for the growing crops, barring some cold weather the latter part of the month, and some slight damage in small localities by frost. The drought that was becoming serious at the close of April wholly disappeared early in May, under general and heavy rains throughout the West, followed by warmer weather, which forced the early planted crops forward until we have now the brightest promise for the largest, earliest, and best crops and harvests of all the leading staples, except cotton, that have been known for years, at the beginning of the summer months. True, it is too soon for these crops to be out of danger; but they are from two to four weeks earlier than usual, owing to the mild winter and early seeding this spring, which reduces the risk of damage from this on, in the same proportion as the time from now till harvest is shortened, or from one-quarter to one-third.

The first and greatest factor in general prosperity for an agricultural country like ours, is good crops, and the next is good prices and a quick market for our surplus. The outlook for the former could not be more brilliant. But the prospects of the latter now seem poorer than last year, for the importing countries of Europe enjoy the same fine crop prospects as the exporting countries of America. The hopes of general prosperity, especially for the agricultural producing class are not so bright, and on this, that of the whole community more or less depends. Yet *large crops and low prices* are far better for farmers and every other interest, than small crops and high prices. In the first place it costs the farmer exactly as much for seed, labor, and interest, on his land to raise a short as a large crop, except on the single item of hauling to market. If it costs, with improved machinery on the large new farms in Dakota, only 40 to 50 cents per bushel to raise spring wheat on an average crop, it costs less than that, on more than average crops, and more, on less than an average crop. Hence farmers are always better off on large crops than short ones, no matter what prices may be. This much is now more than fairly assured; because, in addition to better conditions than usual at this season, there is a larger acreage of most crops, encouraged by the higher prices of the past year on wheat, because of a short

crop, and the largest export demand ever known for corn. To this was added a longer and more favorable seeding time, than the average year.

THE IMPROVEMENT IN RAILROAD EARNINGS.

The effect of this state of things, in prospect even, is already seen in the increasing earnings of the railroads, in the great grain-producing States; because the farmers are hurrying forward the balance of last year's crops in order to make room for the bountiful ones in prospect, and to secure both the lower rates of transportation now prevailing, and the higher prices of their products than expected on next crop. It is this that has suddenly and unexpectedly increased earnings on the Granger roads the past month, and, at the same time, depressed the markets for our spot breadstuffs to a parity, with the prices for futures based upon this prospectively increased supply from the growing crops. Hence it will be seen that the Bear markets of May, on our farm products, excepting cotton, as well as our Bull market for railway securities, have both been caused primarily and chiefly by these magnificent crop prospects. It is now too early to feel these influences on the iron market perceptibly; but before another month has passed, if present prospects continue, there may be renewed activity in the iron trade to supply new rolling stock for the grain-carrying roads, such as was experienced ten years ago in 1879, when we had a phenomenal crop year that lifted the iron industries completely out of the Slough of Despond in which they had been sinking since the panic of 1873. Indeed, the better demand for steel rails, at the lately reduced prices, is no doubt for the account of roads which were unable the past year to make their usual renewals, and which now see their way clear to make them, upon their present and prospective increase in traffic from the freer movement of both the old and new crops. With another month like the past, this demand will increase still more; and, should the first of August show no serious damage to the crops, the iron trade should be as active as the railroads, and with it the coal trade will begin to feel the stimulus from the iron manufacturing interests, which it now lacks and so much needs.

But the railroad and transportation companies will be the most benefited of any one; for while theoretically they must share with the farmer in his prosperity and in his lean years, this is not always practically true, and will not be, outside those States which have undertaken to fix the railroad rates of freight upon this basis. Practically the more freight there is of any kind to haul, the more the roads can get for hauling it, up to a point where the demand for the article is checked by the price of transportation, or the supply lessened by refusal of the farmers to sell. On

big crop years, the railroads have more freight offered than they have cars for, and can command full prices for their full capacity. On short crops they are unable to employ but part of their rolling stock, and competition for the freight offered puts the prices down, no matter how high the article is selling, because of its scarcity.

THE MONEY MARKET.

The abundance of money and low rates of interest, together with a large gain in the bank reserves, in spite of renewed exports of gold during the latter half of the month, have been the leading features of the money market.

The following is a comparison of the averages of the New York banks for the last two full weeks of May and the year:

	<i>May 18, 1889.</i>	<i>May 25, 1889.</i>	<i>May 26, 1888.</i>
Loans.....	\$413,285,000	\$412,472,700	\$363,846,600
Specie.....	83,483,100	82,196,100	90,925,900
Legal tenders.....	41,581,500	43,465,700	36,257,000
Deposits.....	443,929,100	442,425,800	393,953,600
Circulation.....	4,014,500	4,003,900	7,732,100

The following shows the relation between the reserve and the liabilities:

Specie.....	\$83,483,100	\$82,196,100	\$90,925,900
Legal tenders.....	41,581,500	43,465,700	36,257,000
Total reserve.....	\$125,064,600	\$125,661,800	\$126,782,900
Reserve required against deposits.....	110,982,275	110,606,450	98,488,400
Excess of reserve above legal requirements	14,082,325	15,055,350	28,294,500

The important changes in the leading items of the New York bank statement for the week ending May 25, were as follows, viz.:

Loans—Decrease.....	\$812,300
Specie—Decrease.....	1,287,000
Legal tenders—Increase.....	1,884,200
Deposits—Decrease.....	1,503,300
Circulation—Decrease.....	10,600

These changes increased the surplus reserve \$973,025, and made it \$15,055,350, against \$14,082,325 the previous week, \$28,294,500 for the corresponding week in 1888, \$5,779,600 in 1887, and \$13,830,600 in 1886.

Nearly four million dollars in gold were exported on the 25th in addition to considerable shipments earlier in the month. The total shipped since the first of the year to that date was about thirteen million five hundred thousand dollars. In this connection the official report of the Bureau of Statistics shows that in the twelve months to April 30, 1889, the exports of gold from the United States exceeded the imports by the sum of \$28,552,363, whereas, in the year to April 30, 1888, the imports exceeded the exports by the sum of \$36,469,291. Yet these exports have had little or no effect on the Bullish feeling on stocks, because first, our net exports are not equal to our annual production of gold by several millions, and second, because the banks are strong, and

money too plentiful to give any cause for alarm. Beside, there is scarcely a margin of profit in these exports which the Bulls claim have been made in part by the Bears in stocks, hoping to break the market and enable the big short interest to cover without further losses, which have already been very heavy especially on the Oregon Transcontinental corner.

THE BOND MARKET.

It is claimed by the Bulls in stocks, that nearly forty million dollars of new railroad bonds have been taken by private bankers in the past month, some of which have been waiting two years for a favorable time to float them. This is pointed to as the surest indication of the soundness of the upward movement in stocks, which rests on a renewed and increasing as well as active demand for investment that has been stimulated both by the improved crop and railroad prospects and the low rates for money.

The report from Chicago that Judge Brewer had refused to restrain the Iowa Commissioners from enforcing their new schedule, did not seem to have any material effect on the bond or stock market for roads affected thereby, because in his decision he says: "If, at the end of the time suggested, experience shows that the Iowa rates do not pay, I shall permanently enjoin both the first and second schedules." This is carrying out the principle laid down in this Judge's famous decision of last summer, that the law did not contemplate unreasonable rates for either the roads or the public, and that it would protect both.

Under these conditions the purchases of bonds by the United States Treasurer have naturally been small, being only \$466,000 during the week ending May 25, making the aggregate purchases since April 23, 1888, \$169,014,750, of which \$107,422,650 were 4½s and \$61,592,100 were 4s. The market for United States bonds has, therefore, been steady but quiet.

THE BULL STOCK MARKET.

As indicated in our last, we have had a Bull stock market on fine crop prospects which have improved the past month still further, and far beyond those of average years. The buoyant speculation in the Granger and Southwestern stocks has been the conspicuous feature of the movement, although hastened by the Oregon Transcontinental corner, brought about by the contest for control of the next election, between the Northern Pacific road on one side, and the Union Pacific on the other. The six leading Granger and Southwestern stocks furnished over 1,000,000 shares in the last week's trading in the month. The speculative fever extended, also, to Lackawanna and Jersey Central, though Reading lagged behind on reported mismanagement of the pools agent,

who is said to have been removed. Yet when we analyze carefully the causes of this continued and large advance for several weeks, it is difficult to assign sufficient legitimate reason, except the abundance of money, the restlessness of its owners, and the disposition to create a forced activity in default of a more legitimate movement. The crop prospects of the West have certainly improved materially, but the crops are not yet assured. The Granger roads did not earn their reduced dividends last year, and even if they do earn them this year, their stocks are in many cases already above their value as interest-paying investments at their present rates of dividends. The advance in the coal stocks was due wholly to manipulation aided by the artificial advance in the prices of anthracite coal in New York, and to sympathy with the grain roads.

St. Paul has again become a favorite in speculation, partly because its earnings for the third week in May increased \$51,285, or about 14 per cent., and on predictions as to the changes to be made in the Board at the next annual meeting. That the company and its former rival, the Northwestern, are to work in harmony in the future is promised, and it is more than probable that ex-President Spencer, of the Baltimore and Ohio, and Mr. J. Hood Wright, of Drexel, Morgan & Co., will be members of the next Board. The gross earnings of 82 roads for the second week in May, as reported by the *Financial Chronicle*, show an increase of \$244,049.

FICTITIOUS POSITION OF THE COAL MARKET.

One would suppose that the coal roads were not included under the Interstate law forbidding pools, of which one has existed in this traffic since the law went into effect. But this has ceased to cause remark, and only the folly of continuing last year's policy in the present condition of the trade is now commented upon.

The *Philadelphia Press* says editorially of the advance in coal prices: "The advance in the New York price of anthracite coal is a mistake, and it is acknowledged to be so by conservative companies. It is not warranted by the present situation or outlook, and it is made to force consumers to buy coal rather than with any intention of actually getting the prices named. It is impossible, and has been impossible for weeks, to obtain present circular rates. Every leading company has made concessions on the last circular, and coal can probably be bought now at the concessions for next month's delivery. To advance prices under such circumstances is an attempt to do arbitrarily what cannot be accomplished by the natural laws of trade. The same course was taken last year, and it succeeded. There is some difference in the situation now, which makes it doubtful whether buyers of coal can be forced to purchase on the carrying companies' terms. The attempt proves

conclusively that the companies are no longer to be trusted. They are too greedy of wealth to act conservatively. The coal combination is putting a large tax on the consumer, and the whole matter of the price of coal and carrying charges needs adjustment from the point of view of the public."

The fictitious position of the coal market is also shown by its statistical position, which is as follows: Official statistics show that the consumption of anthracite coal in April was 380,000 tons less than in April, 1888, and 447,000 tons less than in April, 1887, while for the four months to April 30, the consumption was over 1,400,000 tons, or nearly 14 per cent. less than in the same four months of 1887.

CHANGING CONDITIONS OF THE IRON TRADE.

To a great extent the coal trade is so identified with the iron trade that their conditions and prosperity are governed by the same circumstances, and it is an anomaly that the prices of coal should be advanced within a week of an important reduction in the prices of iron which was made during the month. Yet at the reduction there has been some improvement in the demand, as shown by the following dispatch from Philadelphia, dated May 25th:

In anticipation of a slight decline in freight rates from the South buyers of crude iron are proceeding very cautiously. Eastern Pennsylvania makers had expected to close large contracts for foundry irons, but have not yet done so. Steel rails are quoted nominally at \$27.50 to \$28, but no large transactions have been closed; but pipe-iron mills throughout the State are filling up rapidly with work. Nails move more freely. Sheet iron is quite active for the spring. Merchant bar rules firm, with an improving demand for refined irons. Plate and tank-makers are predicting a good business throughout the year and are booking some good-sized orders, and report generally a stronger market. Reports from the interior of the State indicate that summer requirements are being covered with a little more confidence. Merchant steel is strong, and Western markets are quite active.

From the foregoing it will be seen that the supremacy in the iron trade, once enjoyed by Pennsylvania, as well as in coal, is endangered, and that the opening of the new iron mines and manufactories in the South are to an important extent revolutionizing the iron trade of that State. In the same proportion the coal trade of Pennsylvania will be diminished so far as it was dependent upon the manufacture of iron. Not only is it threatened by further inroads from the South, but also from the West, since the consolidation of three of the greatest concerns in the country in a twenty-five million dollar company at Chicago, with the purpose of controlling the markets of that section, in which the greatest amount of railroad construction in the United States is done. Yet this will not affect the iron trade of the country, as a whole; nor even that of the Keystone State, which is still

the arch in the great iron trade, when the whole productive capacity of this industry is fully employed.

THE DEPRESSION IN FARM PRODUCE.

As explained above, under magnificent crop promises, the whole produce list has been severely and continuously depressed during May by the discounting of the largest, earliest, and best crops ever raised. The result has been the lowest prices on record for wheat, corn, and oats, though flour is still 25 to 75 cents per barrel higher than a year ago, when wheat was higher than now. Instead of increasing our export demand as was expected on the beginning of the last break (which it did for a time, and until the other side got scared out, by the continued decline), it has driven it away, except for immediate wants, as nobody will buy ahead with "such a crop as the world never saw," only a couple of months away, as in the case of winter wheat. This has proved again the fallacy of the popular belief that low prices stimulate consumption after they have passed a reasonably low point; and also the other fallacy that Europe will buy our wheat when cheap, and that high prices have driven her out of our markets. This may have been true once; but it scarcely will be again. For she will not buy our wheat hereafter, except what is grown on the Pacific Coast, so long as any of her colonies, or the countries of the Old or New World, which will take her manufactures in exchange for their food supplies, have any surplus to sell. In other words, when Europe cannot get her food or feed supplies and raw materials elsewhere she will buy them here. Not otherwise, no matter what our prices, while other exporting countries will undersell our markets enough to get the trade of Europe, no matter what our prices may be, also, so long as they have any surplus to sell.

PROSPECTS OF BOUNTEOUS HARVESTS BUT NO MARKETS.

To recover our export trade with Europe, and especially England, there are but two ways, neither of which this country is yet willing to accept. The first is to take her manufactured goods in exchange for our raw material and food supplies. The other is to use both the latter at home and export manufactured goods; employ our surplus capital and labor the year around, and one year with another, on a sufficiently low tariff, on both raw material and product, to reduce the cost of production to a point where we can compete in the markets of the world on manufactured articles, since we can no longer so compete and dispose of our surplus of agricultural products, at a profit on the cost of production. Either this, or we must limit production of both raw material and manufactured goods alike, to the wants of our home markets. This is the dark

side of this year of the brightest crop prospects ever known, for we may find no market for these bounteous harvests at remunerative prices when raised.

This is not yet true of cotton, in which we still hold the supremacy. It is not true this year of corn. But it has been, and will be again. Within the past year we have lost our advantage in the flour as well as wheat markets of Europe, and a large percentage of our flour mills in the West are closed because they cannot compete with Europe, as our productive capacity is far in excess of home wants and the West India and Provincial trade, which we still hold, though losing that of South America.

In provisions we are holding our own better, compared with recent years; yet with ten years ago, we have ceased to be the chief source of European supplies, and our production is limited. This, and the large corn crop of last year, together with the prospect of another equally large this year, has depressed hog products and the raw material, as seriously as grain in the past six months. With a bigger crop of hogs ahead than for years, the outlook on provisions is not much better than on breadstuffs.

Cotton has not enjoyed the same favorable conditions as other crops, so far, and it has had some effect on prices to stiffen the market. Yet of late the weather has been more favorable, and prices are receding, with speculation dead outside the trade.

The *Chronicle* makes the visible supply of all descriptions 1,954,193 bales, including 1,279,493 bales American, as against 2,009,195 bales, including 1,409,395 bales American.

OUR EXPORT TRADE.

For the year ending April 30, the value of exports was \$733,635,922, against \$695,434,727 last year. The total imports for the same period were \$738,813,803, against \$720,452,241 last year.

This is, on its face, a favorable showing; but analyzed, it affords little relief to the situation as above described. The increase has been chiefly due to the largest exports of corn ever made, owing to shorter crops from other exporting countries, to supply a larger feed deficit in Europe than usual, owing to the wet weather during harvest last fall. The balance is chiefly made up by cotton. But this year's demand for corn cannot be expected the coming year, unless the present crop promise in Europe shall fail before harvest.

The falling off of the past five months in the exports of flour has been very heavy, and since the new year we have shipped to Europe only spasmodically, and on special brands, though considerable old purchases, contracted during the short crop scare last fall, when Europe thought her own crops were damaged by a wet harvest beyond recovery, have gone forward. With our American or

Patent Roller process, now generally adopted in the chief cities of Europe, it will be a hard fight to get this lost trade, in which we have had the advantage for the past five years, back again.

A LULL IN CITY REAL ESTATE.

The real estate market during the latter part of May has been exceedingly dull, little business having been transacted. Sales at auction fell off materially, both in volume and number, and prices followed in sympathy. Private sales are slow, and a few reported "sales under way" are delayed by the demands of sellers, which in some special cases are still extreme. Buyers will not pay exorbitant prices, however, with the market in its present inactive state, and it seems probable that negotiations in most cases will hang fire until fall or general business improves.

Unimproved property of the cheaper suburban grade only has the call now, and the prices that are realized are bringing a good many small lots into market at auction. Sales of property of this class are usually well attended, for the reason that the terms are made very easy and the buyers are almost entirely men of moderate means investing for homestead purposes. The speculative element find the game of \$200 to \$500 lots too small, and the field is left open to this middle class of investors.

THE DRY GOODS TRADE

is in good healthy condition though dull, with cotton goods firm, and yielding a fair profit to the manufacturers, who are generally running full capacity, and yet are not accumulating stocks. The same is true of the woolen mills as a rule, yet they are not making much, but are not losing, and are able to work off their goods. General trade, however, has been dull, and complaints are about as bad as a month ago, it not yet feeling the influence of the fine crop outlook, while spring trade is over, and fall trade has not opened. Other markets have shown little animation as a rule, speculation being dead and consumptive demand of a hand-to-mouth character.

A CLERKS' CO-OPERATIVE ENTERPRISE.

In Liverpool, the clerks have a café company which is about five years old and is well worth describing. The object in forming it was to enable them to obtain better living and at less expense. The company started with one café as a simple luncheon room which has gradually been extended, until now the company practically controls the lunching and dining of the commercial community of that city. It has seven eating places, which are well appointed, and at which good food is obtained at reasonable prices. Its effect is to make Liverpool the cheapest and best of English cities for a clerk. From the first it has been a business success. Its yearly dividend has been twenty per cent. on its paid up capital, and a reserve fund of \$7,500 has been accumulated. It is said that the net profit on each meal served during the year is only one cent., yet the business has been great enough to yield the profits above described. The company at first had a capital of \$25,000, which was issued in five dollar shares. One secret of success was the mode in which these were allotted. No applicant could have more than five shares, and preference was given to those who were most likely to be regular customers. Of course, those who bought shares were directly interested in the success of the company, and thus its patrons rapidly increased. Why cannot similar institutions be established in the cities of this country, whereby the clerks can obtain better living at lower prices? In the larger cities, especially, there are numerous restaurants of one kind or another at varying prices, and which, in many cases, have been immensely profitable. There is no reason why such institutions could not succeed as well here as in Liverpool and other places.

GROWTH OF THE NATIONAL BANKING SYSTEM.

The prejudice existing against the National Banking System has completely died away, and, notwithstanding the hindrances to its growth, the banks are rapidly multiplying. Indeed, during the last four months sixty-six national banks have been organized, a number as large as that of the first six months of last year, and only nine less than the number organized during the first four months of 1887. Many applications, also, for charters are pending. The charters issued during the last four years are for banks in every part of the Union, though the West and the South have organized more of them than other sections of the country. The capital of

the banks organized of late averages about \$75,000. In the following table a comparison is made of the banks in operation in 1883 and in 1887, and also those organized last year :

<i>States and Territories.</i>	<i>Banks in operation in 1883.</i>	<i>Banks in operation in 1887.</i>	<i>Banks organized in 1888.</i>
Maine.....	72	73	1
New Hampshire.....	48	49	..
Vermont.....	47	49	..
Massachusetts.....	246	252	2
Rhode Island.....	63	61	..
Connecticut.....	88	83	1
Eastern States.....	564	567	4
New York.....	314	324	1
New Jersey.....	70	81	5
Pennsylvania.....	274	303	10
Delaware.....	15	17	1
Middle States.....	673	725	17
District of Columbia.....	6	8	..
Maryland.....	41	48	1
Virginia.....	23	25	1
West Virginia.....	19	20	..
North Carolina.....	15	18	1
South Carolina.....	13	15	..
Georgia.....	13	21	3
Florida.....	2	10	2
Alabama.....	10	20	2
Mississippi.....	3	12	..
Louisiana.....	9	13	..
Texas.....	46	91	8
Arkansas.....	5	7	..
Kentucky.....	66	68	5
Tennessee.....	31	40	3
Missouri.....	35	50	4
Southern States.....	337	466	30
Ohio.....	202	216	4
Indiana.....	97	93	4
Illinois.....	164	178	6
Michigan.....	88	108	6
Wisconsin.....	45	56	3
Iowa.....	111	129	5
Minnesota.....	43	58	1
Kansas.....	38	142	17
Nebraska.....	43	104	6
Nevada.....	1	2	..
Oregon.....	7	23	5
Colorado.....	22	31	4
California.....	12	33	3
Western States.....	873	1,173	64
Utah.....	4	7	..
Idaho.....	3	6	1
Montana.....	10	17	..
Wyoming.....	4	8	1
New Mexico.....	6	9	..
Dakota.....	30	62	1
Washington.....	13	20	4
Arizona.....	2	1	..
Territories.....	72	130	7
United States.....	2,519	3,061	122

It will be seen that of the one hundred and twenty-two banks

organized in 1888, nearly five-sixths were in the West and South, while the remainder were in the Middle and Eastern States. In the early years of the system it was complained that the older sections of the Union had far more than their number, and also more than their share of the banking capital, and this formed a bitter subject of controversy in Congress; happily it has passed away, and the West and South are now getting all the banks and banking capital which they desire, so far as the law is concerned.

While national banks have increased rapidly, State institutions are also multiplying; this is particularly the case in the Eastern and Middle States. One reason, perhaps, for the slow increase of national banks in the East is, that the trust companies and State banks are preferred to national institutions. The reason for this preference is well understood. In the first place, State banks are not surrounded with such severe restrictions as the national banks, and particularly the trust companies, and their powers have a wider range. In New York City, for example, there have been only two national banks started for a considerable period, while a large number of State banks and trust companies have entered the field. The principal reason, in fact, for maintaining the national banks in the larger cities, is to secure the deposits of the country banks.

The national banks of New York City, at the present time, hold a very large amount of national bank deposits of country banks; and the profits on this large sum are enough to justify them in remaining in the system, notwithstanding the heavy taxes and other restrictions that are laid on them. If there was much profit in a national bank circulation, probably the number would increase more rapidly and the State banks would have a smaller chance to thrive; but in the present situation of things, the virtues, or the attractions, rather, of the national banking system are declining. Still, as we have seen from the above figures, the growth of the banks in numbers is rapid; and, for aught we know, is likely to continue for several years. Their rapid formation is conclusive evidence that they can live independently of the profits that were once made on bank circulation, and are thus putting an effective quietus on the old doctrine that a bank circulation is an indispensable feature in banking. However strongly this may be wished, it is quite evident that any system of banking, State or national, aiming at this, is likely to meet with general disfavor, but the National Banking System without this element, and which, of course, must end with the payment of the public debt, is likely to survive for an indefinite period.

FINANCIAL FACTS AND OPINIONS.

Co-operative Banking is making rapid strides, especially in the Eastern States. During the year much has been said about the building and loan association plan for advancing money, and several publications have appeared on the subject which indicate the general interest in the subject. In the East, however, these associations have not flourished as they have in Pennsylvania and some other States, and in their place has been established a system of co-operative banking, which is confined to the members of the community having small means, who are desirous of procuring homes for themselves. This system of banking promotes habits of economy by the obligation created on the part of the borrower to pay for his loan, which forms a part of his regular family expenditures. Many who would not open an account at a savings bank are induced to take a share in a co-operative bank, and as the habit of saving develops, to increase the number. Co-operative banking has the advantage of simplicity, and as the depositors elect their officers and control the business, it has its educational feature. Another advantage is, while savings banks are limited to fifty or sixty per cent. of the value of the property on which money is loaned, co-operative banks can advance as much as they please, or as much as the managers think judicious. Of course, this is a source of danger, but, on the other hand, the man desirous of a home can obtain a larger assistance than from a savings bank. In some parts of the country, particularly in the South and South-western States, where building and loan associations have been recently adopted, the profits are very large, and persons of larger means often seek to obtain shares in them. As the amount of funds in co-operative banks is small, little can be spared for expenses. Hence small compensation is attached to positions of great responsibility and detail, and the chance exists, through ignorance of the members, for the selection of incompetent officers.

Owing to the premiums paid by borrowers the interest rate may be more than charged by the regular banks, though a part of this comes back to them in interest on their shares. But all the time the borrower is living in his own house at no greater expense for charges, interest and taxes than he would probably pay for rent of similar property, while through the monthly charges on his shares, the amount of the mortgage is being gradually reduced till he owns the place free and clear. An additional advantage is that a borrower can also pay his loan at any time and not be obliged to wait the expiration of a stated period. The annual report of the Massachusetts Commissioners of Savings Banks give the following

figures regarding the condition of the co-operative banks in the State November 1st, 1888.

Total number of shares in force.....	184,598
Present number of members.....	27,943
Present number of borrowers.....	4,870
Total Assets.....	\$5,505,112
Increase of assets over previous year.....	..\$1,293,163

Silver Certificates.—The Forty-ninth Congress authorized the issue of silver certificates of denominations of one, two, five and ten dollars, and these have been issued until they now reach \$255,000,000, nearly all of which are of the small denominations. This issue of certificates has decreased the net holdings of silver by the Government to a small amount. At the beginning of the year it was only about \$8,000,000. These holdings increased during the next two months to \$17,000,000; during the next two months the amount remained about the same, but during the month of May less than \$1,000,000 of these certificates were put into circulation, while more than \$2,500,000 of silver dollars have accumulated in the Treasury. Some question whether the country has not obtained a full supply of these certificates. In our judgment, the decline is simply due to the general condition of trade, in which there is less need of money of all kinds than there was a few months ago. Let business revive, or even speculation become more active, and doubtless all the silver certificates would readily go into circulation.

Internal and Foreign Commerce.—Much is said concerning the need of increasing our foreign commerce, but the commerce between the States is far more important. The magnitude of this may be illustrated by comparing the tonnage that passes through the Sault Ste. Marie with that passing through the Suez Canal. The last-named waterway has, it is estimated, cost a sum not far below \$100,000,000, and the former only about one-twentieth as much. The Suez Canal opened its career in 1870 with a tonnage of 435,911, and each succeeding year to 1877 inclusive showed an increase, the tonnage for 1877 being 2,355,447. Slight declines marked the business for 1878 and 1879, but a marked expansion began in 1880 with 3,057,421 tons, and culminated in 1885 with 6,335,752 tons. The returns for 1886 fell to 5,767,655, but the tonnage of 1887 amounted to 5,903,024, and that of 1888 to 6,640,834. Although the St. Mary's Falls Canal, better known as the Sault Ste. Marie, was opened in 1855, the earliest registered tonnage is that of 1864, of 571,438 tons. In 1870 the Sault returned 690,826 tons and the Suez 435,911 tons. In 1880 the Suez reported 3,059,421 tons and the Sault only 1,734,890 tons, but in 1888 the Sault reported 6,411,423, as against 6,640,834 tons passing through the Suez. At this rate the Suez will soon fall to the rear, and the volume of American business becomes more striking when it

is considered that the Suez is open throughout the year and the Sault only about two-thirds of the year. In 1888 the Suez averaged 18,194 tons per day for a year of 365 days, and the Sault 30,242 tons per day for a year of 212 days. In 1886 the Sault averaged 18,839 tons for each day the canal was open for business, and even these figures, though less than two-thirds of the average for last year, exceeded the daily average on the Suez. There are many in this country as well as in Europe who have no idea that every day navigation is open the traffic passing through the Sault is half as large again as that passing through the Suez Canal.

Taxation of Personal Property.—Mr. I. V. Williamson, of Philadelphia, paid taxes to the State on the small amount of \$67,000 of property which he regarded as subject to a State tax. Since his death an inventory of his property shows that not less than \$3,750,000 were taxable. A tax of \$11,000 is therefore due to the State, and the assessors have notified the executors that they must hereafter pay that sum. This is another illustration of the way that the owners of personal property treat the State and municipalities in paying their taxes. In Mr. Williamson's case the unassessed portion is very large, but probably no larger than in thousands of other cases. All which shows the folly of attempting to impose any tax whatever on that kind of property. Generally it consists of stocks and bonds and other certificates of visible property existing somewhere, and on which a tax is assessed and paid. Knowing this, many an owner or holder of such securities thinks he is justified in evading the payment of the tax. He knows that the real property itself is subject to taxation, and that the State or city, or both, gets its proper share thereof, and therefore he feels justified, notwithstanding the law, in escaping a second payment if he can, and surely there is often great injustice as well as hardship in thus taxing property a second time. Nevertheless, our barbarous systems of taxation exist everywhere. Such glaring proof of the defects in the system as appears in this instance ought to lead legislators to amend a system which is so defective and which can be so easily evaded.

Germany's Gold.—By Mr. Haupt's calculation the amount of gold coined in Germany to the end of 1888 was 2,226,000,000 marks, in which is included 310,000,000 marks, re-melted. Of the former amount there is 26,000,000 marks lying in foreign banks, and while the stock of gold in Germany is 1,890,000,000 marks, so that inclusive of the bar gold in the Reichsbank, there must have been 2,326,000,000 marks in hand at the end of 1888, as compared with 1,830,000,000 marks three years ago. There was therefore in Ger-

many at the end of 1888 47 marks gold per head of the population, and only 18 marks silver. The data upon which these calculations are based were perhaps in some respects too favorable, but as they have been made on the same system for the last three years, the increase, at any rate, may be accepted as being accurate. Without a doubt the gold stock of Germany has increased so considerably that she can now regard bi-metallic attacks with indifference.

Chinese Taxation.—The system of taxation is quite unlike that of other countries. Taxes outside of Peking are paid on arable land only, the tax varying with the crop-producing quality of the soil. Inside the city of Peking there is no tax on land, houses or personal property. Goods brought to the city gates pay a lekin tax, but are exempt from taxation afterward. The only tax on land and houses in Peking is on the sale of real estate, ten per cent. being charged on the price obtained for the property sold. There is also a tax resembling license fee. Outside of Peking, Chinese subjects are liable to be called on to perform certain duties whenever the Emperor passes through their districts, but this duty may be avoided by the payment of a small tax. All moneys spent on public account in Peking come from the Imperial Treasury, and the expenditure is not limited to funds raised by taxation within the city. The bulk of the people in Peking pay no taxes whatever. The man who owns his house and lot and his implements of labor enjoys his earnings without tax or deduction. Mr. Charles Denby, the United States minister to China, from whose report the above facts are taken, says: "How different this condition is from that in our own cities, where sometimes three per cent. on a high valuation is exacted for public purposes. To the absence of taxation of the body of the people may well be ascribed the permanence of the Government and the tranquility and contentment of the Chinese race. The lesson of taxation in China might be profitably studied by the civilized world. But, in view of a national, State, county, township and city indebtedness piled mountain high, the lesson must now be valueless to the United States."

Coinage in China.—The Mexican coin, which has circulated so long in China, has finally been dethroned, and that nation is about to introduce a coinage of its own. For more than sixty years the Mexican dollar has been popular in that country. This was because of its uniform quality. It has been bought in the London markets in enormous amounts and shipped to the far East, and enormous quantities of them are in circulation in China in a disfigured state, and stamped with Chinese characters both public and private. For a year or more the Government has been studying the subject of

coinage, and a large mint has now been ordered from Birmingham, England, which is to be erected at Canton. Ninety presses are to be put in operation, which will turn out 2,700,000 "cash" pieces daily, besides silver coin. The "cash" pieces are made of brass, a thousand of which are equal to a silver dollar. This dollar is to bear on one side the image of the dragon, and on the other Chinese characters, encircled by some English words which need not be repeated. Its weight will be 420.88 grains. While the disfigured Mexican dollars are to be demonetized and re-coined, the question will arise what amount of silver China will have to buy in the world's markets to complete her monetary system, and when the Chinese demand will have to be filled. At this point all remains uncertain. The coinage of a fractional coin of the same standard with the dollar itself is a novel and commendable feature, and in this respect nearly all nations have sinned hitherto, in spite of the fact that a base fractional silver coin is acknowledged to be a nuisance by all. If the new international silver dollar to be adopted by the Congress of all American nations were to be made to conform to the Chinese standard and weight, and thus be capable of filling in Pacific intercourse the rank which the Mexican dollar has occupied and still holds to a certain extent, there would be the practical advantage, not to be underrated, of having a coin available for an enormous circulation in and out of the New World. There would be a market for it in New York, London, and the Asiatic money centers.

Corn Exports.—The corn exports have been larger this year than for any year since 1881, as will be seen by the following table:

	<i>Bushels.</i>	<i>Values.</i>	<i>Average Price.</i>
1889.....	39,054,624	\$19,467,802	50 cts.
1888.....	16,570,258	8,717,679	53 cts.
1887.....	25,530,228	12,232,122	48 cts.
1886.....	36,701,933	18,992,330	52 cts.
1885.....	27,912,199	15,060,379	53 cts.
1884.....	31,667,399	19,316,832	61 cts.
1883.....	14,857,006	10,673,788	72 cts.
1882.....	37,068,808	25,087,192	65 cts.
1881.....	55,082,101	29,550,588	54 cts.
1880.....	42,361,680	22,867,648	54 cts.
1879.....	46,537,250	22,570,279	48 cts.
1878.....	47,337,100	28,065,245	59 cts.

The inquiry has been raised, what is the occasion for so large an increase, and the answer is, the excessive speculations in wheat during the year. The amount of wheat raised, in view of the abundance in India and Russia, justified only low prices; but notwithstanding this fact, speculators carried the price so high last autumn that exporters turned to other sources for a supply, and the consequences are now clearly seen. With the prospect of an abundant crop, a large amount of the old crop is on hand, and it will be marketed only with difficulty and at low rates. The growers

of corn, on the other hand, have been benefited, for much of the corn has been exported as a substitute for wheat. The *New York Commercial Bulletin*, in discussing the wheat market for the year, after remarking that whether the wheat speculators made or lost was of little consequence, said: "The harm done was in preventing the natural marketing of American products, at a time when any reasonable price could have been obtained without difficulty. The official reports now made indicate that somewhere from 40 to 50 million bushels of wheat, or of wheat in the form of flour, in excess of the minimum stock, will remain on hand unconsumed and unsold July 1st, with a large crop coming forward. To some individuals, to the country as a whole, a heavy loss must result. For some time past, also, prices have been much lower than they would have been if natural exports earlier in the season had not been prevented by speculative folly. How much loss the country has sustained on its actual exports thus far cannot be accurately measured. A far greater loss must result from the presence of a large unsold surplus in the market when the next crop comes forward. Depressing the price of about 500 million bushels of wheat, the surplus kept here by foolish speculation will cost farmers and others many millions during the next year, probably more than its whole value, unless disasters to crops here or abroad alter the conditions."

The Future for Exports.—At a meeting of the National Grange in Topeka, Kansas, last autumn, the Commissioner of Agriculture was requested to inquire, through the consuls or other officers, what foreign nations were importing agricultural products, and ascertain what were possibilities of establishing trade relations to dispose of the surplus agricultural products of our country. In response to this request, Mr. Dodge, the Statistician of the Agricultural Department, has prepared some figures which are very instructive, though to some extent discouraging. He declares that Europe is the only market that America has for its surplus wheat, and that only 144,000,000 bushels are annually needed, while the remainder required, 1,200,000,000 bushels, is grown in the various European countries. Of the above-mentioned deficiency, the United States supplies 95,000,000 bushels. Of oats, Europe imports only 19,000,000 bushels, while the United States exports 2,500,000 bushels. Of barley, the United States imports 7,500,000 bushels. Of rye product, which is the chief bread grain of eastern and central Europe, Russia produces more than the United States. Europe imports not less than 1,500,000 bushels, while the exports from the United States are about twice that quantity. The European countries that purchase corn do not take one-half of the product of Illinois, or Iowa, or Missouri. Great Britain is the chief buyer, taking about three-fourths of the entire quantity, or 62,000,000 bushels, while the

export from this country is about 6,000,000 bushels more. He says the deficiency in France could be supplied by McLean county Illinois, while Germany requires even less. Europe imports over 1,000,000,000 pounds of rice, but none of it comes from the United States. Of potatoes, Europe grows more than she needs, while the United States supplies her deficiency from Canada and Germany. Only Great Britain, Belgium and Portugal, of all European nations, do not produce enough butter and to spare. To make up the deficiency—25,000,000 pounds—the United States exports 24,000,000. It requires 140,000,000 pounds of cheese to supply the European deficiency, of which 118,000,000 are furnished by the United States. Of course Europe has to import all her cotton, the average annual imports being 2,636,000,000 pounds. The United States sends her 1,850,000,000 pounds. Mr. Dodge says: "This country is exceeded only by Great Britain in cotton manufacture, and should, ere many decades pass, attain the first rank. There has been a greater relative advance in consumption of cotton in continental countries during the past ten years than in Great Britain." Europe gets from South America, Asia, Africa and Australia, two or three times as much wool as she imports from the United States. The net deficiency of Europe is 780,000,000 pounds—slightly more than is produced there. The United States produces four-fifths of the wool manufactured here. The aim of the wool-grower of this country is to supply the home manufacturer if possible—never to export raw wool. If there ever shall be a surplus it will bring more money to the wool-grower if sent abroad in the manufactured form. The United States imports net 69,000,000 pounds of wool every year. The statement shows that Europe produces about as much tobacco as the United States—500,000,000 pounds annually—and could easily produce all she needs, but the American tobacco is desired for two reasons: it is cheap, and very desirable for fortifying the European product. So the United States furnishes 242,000,000 pounds of the annual deficiency of 324,000,000 pounds. In conclusion, the statistician says: "About one-tenth of our agricultural products is exported. No other nation exports so large a proportion. Yet the articles shipped abroad are few. They are cotton, tobacco, meats, bread-stuffs and cheese. All other articles together are but 3 per cent. of the exports. Enlargement of the surplus must inevitably reduce the price both at home and abroad." This is a rather discouraging response to the National Grange inquiry, but it is well to know the true situation. One thing in our favor is that we are more certain of crops than any other great agricultural country, and therefore are more certain of profiting from our agricultural pursuits in this regard than other countries.

THE AUTHORITY AND LIABILITY OF BANK OFFICERS.*

[CONTINUED.]

In resuming our presentation of the law relating to the duties and liabilities of bank officers, it may be remarked that we are giving more extracts in the MAGAZINE from the opinions of the courts on many topics than will appear in our work on the subject. As we intend to examine every case lying within the field of inquiry, it is our purpose to present here all of the most apposite remarks of the courts on the more important questions of banking practice.

In defining his ordinary duties, Judge Harlan has remarked that "a cashier of a bank has no power, by virtue of his office, to bind the corporation except in the discharge of his ordinary duties, and that the ordinary business of a bank does not comprehend a contract made by a cashier—without delegation of power by the board of directors—involving the payment of money not loaned by the bank in the customary way. (*United States Bank v. Dunn*, 6 Pet. 51; *United States v. City Bank of Columbus*, 21 How. 356; *Merchants' Bank v. State Bank*, 10 Wall. 604.) Ordinarily, he has no power to discharge a debtor without payment, nor to surrender the assets or securities of the bank. And, strictly speaking, he may not, in the absence of authority conferred by the directors, cancel its deeds of trust given as security for money loaned—certainly not, unless the debt secured is paid. As the executive officer of the bank, he transacts its business under the orders and supervision of the board of directors. He is their arm in the management of its financial operations." (*Martin v. Webb*, 110 U. S. 7, p. 14.)

One of the best known quotations on this point is from Judge Story's opinion in *Minor v. The Mechanics' Bank* (1 Pet. 46, p. 70): "The ordinary usage and practice of a bank, in the absence of counter proof, must be supposed to result from the regulations prescribed by the board of directors, to whom the charter and by-laws submit the general management of the bank, and the control and direction of its officers. It would be not only inconvenient, but perilous, for the customers or any other persons dealing with the bank to transact their business with the officers upon any other presumption. The officers of the bank are held out to the public as having authority to act, according to the general usage, practice, and course of their business; and their acts

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within the scope of such usage, practice, and course of business, would, in general, bind the bank in favor of third persons possessing no other knowledge." (See *United States v. Dandridge*, 12 Wheat. 64.) In another case an eminent judge has said: "The cashier of a bank is ordinarily the executive officer of the bank. He is the agent through whom third persons transact their business with the bank. The bank generally holds him out to the world as having authority to act, according to the general usage, practice, and course of business, and all acts done by him within the scope of such usage, practice, and course of business, bind the bank as to third persons who transact business with him on the faith of his official character; and perhaps it may be presumed, without proof and merely from his office, that he is authorized to receipt and discharge debts and deliver up securities on payment or discharge of the debt for which they were held, and he may have power to indorse bills, notes, etc., for collection. He may draw checks for funds in other banks." (Drummond, J., in *Sandy River Bank v. Merchants & Mechanics' Bank*, 1 Biss. 146.)

A cashier, though, may render his bank liable for many things beyond his accustomed sphere, either by express authority, or by the acquiescence of the directors, or in other ways. Perhaps no one has stated the law more clearly than Judge Harlan: "It is clear that a banking corporation may be represented by its cashier . . . in transactions outside of his ordinary duties, without his authority to do so being in writing, or appearing upon the record of the proceedings of the directors. His authority may be by parol and collected from circumstances. It may be inferred from the general manner in which, for a period sufficiently long to establish a settled course of business, he has been allowed, without interference, to conduct the affairs of the bank. It may be implied from the conduct or acquiescence of the corporation, as represented by the board of directors. When, during a series of years or in numerous business transactions, he has been permitted, without objection and in his official capacity, to pursue a particular course of conduct, it may be presumed, as between the bank and those who in good faith deal with it upon the basis of his authority to represent the corporation, that he has acted in conformity with instructions received from those who have the right to control its operations. Directors cannot, in justice to those who deal with the bank, shut their eyes to what is going on around them. It is their duty to use ordinary diligence in ascertaining the condition of its business, and to exercise reasonable control and supervision of its officers. They have something more to do than, from time to time, to elect the officers of the bank, and to make declarations of dividends. That which they ought, by proper diligence, to have known as to the general course of business in the bank,

they may be presumed to have known in any contest between the corporation and those who are justified by the circumstances in dealing with its officers upon the basis of that course of business." (*Martin v. Webb*, 110 U. S. 7, p. 14.)

We will now consider more narrowly the duties and liabilities of a cashier. "One of the ordinary and well-known duties of the cashier of a bank," says Shepley, J., "is the surrender of notes and securities upon payment; and his signature to the necessary transfers of securities or collaterals, when in the form of bills of exchange, choses in action, stock certificates, or similar securities for loans, which are personal property, is an act within the scope of the general usage, practice, and course of business in which cashiers of a bank are held out to the public as having authority to act. Undoubtedly the ordinary duties of a cashier do not comprehend the making of a contract which involves the payment of money without an express authority from the directors, unless it be such as relates to the usual and customary transactions of the bank.", (*Matthews v. Massachusetts National Bank*, 1 Holmes 396, p. 405.)

A cashier can extend the time for paying a note and receive the interest for the extended period. (*Wakefield Bank v. Tuesdell*, 55 Barb. 602.) He can also release a debt secured by a mortgage, nor need the release be under seal. (*Ryan v. Dunlap*, 17 Ill. 40.) And a verbal direction from the directors is sufficient authority to guide him in applying money. (*Stamford Bank v. Benedict*, 15 Conn. 437.)

In Georgia it has been decided that a provision in the bank charters of the State, requiring that all contracts by a bank should be signed by the president and countersigned by the cashier, does not apply to those which are usually signed by the cashier or other duly authorized agent of the institution, for example, a certificate of deposit. (*Carey v. McDougald*, 7 Ga. 84.)

A cashier has authority to transfer certificates of stock held as collateral for loans. "This," says Judge Shepley, "is certainly one of the usual and customary transactions of banks, and the public would be no more likely to require evidence of special authority to the cashier to make such transfer than of a special authority to draw checks on other banks, or to perform any other of the daily duties of his office." (*Matthews v. Massachusetts National Bank*, 1 Holmes 396, p. 405.) And if he sign a transfer on a certificate in blank, this is a warranty of its genuineness, and his bank is liable for the loss to a subsequent holder who may have received it and loaned money thereon. (*Matthews v. Massachusetts National Bank*, 1 Holmes 396.) The bank is liable, like the indorser of a negotiable instrument who warrants the genuineness of the instrument and all the signatures before his own." (*McNeil v.*

Tenth National Bank, 46 N. Y. 325; *Leitch v. Wells*, 48 id. 613. See cases cited by Shepley, J., in *Matthews v. Massachusetts Nat. Bank*, 1 Holmes 396.)

In transferring stock a cashier acts for the bank, and not for the respective stockholders. Consequently, he is not liable to one or more of them for a balance that he may have for stock sold by him. In a case of this kind, Blodgett, J., said: "It seems to me that a sale of this kind could only have taken place at the instance of the board of directors, and the defendant cashier, who is alleged to have made the sale, must be held to be the agent of the board of directors of the corporation; and if he holds the proceeds, he holds them as the agent of the bank, not as the agent of the respective stockholders; in other words, he holds these proceeds as one of the officers of the bank, and this suit should be brought against the bank itself, if at all." (*Brown v. Adams*, 5 Biss. 181.)

The question is not always easily answered, what acts of the cashier constitute an acceptance, and therefore binding on the bank. In taking a check, for example, if the cashier should put it on the canceling fork this act would not prevent him from declining to pay it, and from returning the same on learning that the drawer's funds are insufficient, or that the check is not in proper form. (*National Bank v. Second National Bank*, 69 Ind. 479, the court citing *Bellamy v. Marjoribanks*, 7 Exch. 389; *Warwick v. Rogers*, 5 Mass. & Grang. 340.) In another case a note was left with the cashier of a bank with a proposition concerning its payment, and which was held by the bank for a considerable period. This holding "without an offer to return it might of itself be regarded as an acceptance of the proposition." (*Commercial Bank v. Bonner*, 13 S. & Marsh. 649.)

An important principle was stated in *Black River Savings Bank v. Edwards* (10 Gray 387), that the adoption of an obligation by an agent within his authority does not include the adoption of a fraudulent agreement or understanding between the agent and the other party beyond the line of the agent's authority. In the above case the treasurer of a savings bank took a note from Edwards with bonds as collateral security, and which he refused to pay because there was no consideration. The treasurer declared that the bonds were purchased with the bank's money, and that the note was taken so that it might not appear as holding the bonds except as collateral.

The authority of the president, cashier, or other officers of a bank to act when it is insolvent is a question of great importance. In *Comfort v. McTeer* (7 Lea 652) the assignee of a bank sued the defendant to recover the amount with which his account was credited by direction of the president two days before the

bank failed. The assignee claimed that the assets of the bank became a trust fund for the creditors of the bank as soon as the officers knew that it was insolvent. "But the law is clearly otherwise," said Judge Cooper. "There must be some positive act of insolvency, such as the filing of a bill to administer the assets, or the making a general assignment, or a permanent cessation to do business, to work the result suggested. If the corporation continue to transact business in the honest belief, or even hope, of working through its difficulties, the rights of innocent third parties will not be prejudiced. (*Moseby v. Williamson*, 5 Heisk. 278.) If it were otherwise, nobody would be safe in dealing with a failing corporation. Undoubtedly, the regular and fair transactions [of the bank that failed] during the two days preceding its execution of a general assignment were valid. Any honest adjustment of its accounts with its customers, based on the actual state of their mutual transactions, would be good. On the other hand, any arrangement, made with knowledge by both parties of the insolvency, and with intent to give an undue preference, would probably be vitiated by the fraud."

With respect to a cashier's authority to compromise a debt, the courts have not always entertained the same opinion. Long ago, Rogers, J., remarked (*Bank v. Reed*, 1 Watts & Serg. 101, p. 106): "It may, perhaps, be conceded that a cashier has a general authority to superintend the collection of notes under protest, and to make such arrangements as may facilitate that object by compromise or otherwise; in short, to do anything in relation thereto that an attorney might lawfully do. Nay, more, in particular cases his authority would extend further; for the extent of the authority of an agent may depend sometimes on the nature of the agency, which may be extended or varied on the ground of implied authority, according to the pressure of circumstances connected with which he is intrusted." (*Judson v. Sturges*, 5 Day. 556; *Ryan v. Dunlap*, 17 Ill. 40.) But the cashier cannot alter the nature of a debt, or change the relation of the bank from a creditor to the agent of its debtor. (*Id.*)

In *Ecker v. First National Bank* (59 Md. 291), the cashier took a \$4,000 note in discharge of another. The court, speaking through Miller, J., remarked concerning this transaction: "The mere fact that the cashier received the new note, and understood or supposed it was in payment of the antecedent indebtedness, did not bind the bank or amount to such payment. In our opinion, a cashier, as such, has no power to accept a note signed by two parties only, in payment and discharge of a note upon which another party was also bound with the two, so as to release such third party from his indebtedness to the bank. Such an act does not fall within the well-known range of powers and duties naturally

and necessarily pertaining to the office of cashier. He cannot, *virtute officii*, release a surety upon a note, even though the bank holds other security to which it might resort, nor make collateral contracts or agreements of any kind. Whether usage or custom in this particular bank would suffice to confer such authority upon its cashier is a question we need not decide, because there is no proof in this record that the cashier had ever before so acted in a similar case. He testified that he took the \$4,000 note without the previous direction or knowledge of the directors, 'but as had always been his usual custom.' This, however, is far from saying that it had been his habit or custom to take such a note in payment of antecedent notes or debts, and in release of parties bound thereby." But the directors could ratify such an act, and if they did, the bank would be bound. (*Id.*; *Bank v. Reed, Watts & Serg.* 101.) The remarks of Drummond, J., are worth adding: "As a general rule, a jury have not a right to infer that a cashier of a bank, as such, has the authority to compromise and discharge debts without payment, or by taking other securities, but the authority from the bank must be shown expressly or by necessary implication, or it must exist and be established by the particular usage, or practice, or mode of doing business of the bank, or it must be ratified or acquiesced in by the bank in order to be binding." (*Sandy River Bank v. Merchants & Mechanics' Bank*, 1 Biss. 146.)

Let us now inquire into the limitations of the cashier's authority. It has been decided that he cannot assign the discounted bills and notes of his bank to a depositor in payment of his deposits without authority from the directors. (*Lamb v. Cecil*, 25 W. Va. 288.) In *Hoyt v. Thompson* (5 N. Y. 320), Ruggles, C. J., said: "No power is conferred upon [the president and cashier] to mortgage, assign, or dispose of the property of the corporation. This is a part of the management of the business of the company which is confided expressly to the directors, but not to the president and cashier. In no case has it been held that these officers are authorized to do an act like that in question without the assent and authority of the directors." (*Spear v. Ladd*, 11 Mass. 94; *Bank v. Petroon*, *id.* 288.) In *Lamb v. Cecil* (25 W. Va. 288, p. 294), Johnson, Pres., said: "I can find no authority which holds that the cashier, without the authority from the directors, can dispose of the discounted bills and notes of the bank. It would be a dangerous power indeed to repose in an officer of the bank. It would put a large part of the property of the bank under the absolute control of the cashier or other officer exercising such power; and he might for his own use dispose of such property and pass good title thereto." As such a transaction is fraudulent, the statute of limitations does not begin to run against the bank

to recover the property thus assigned until the discovery of the fraud. (*Lamb v. Cecil*, 25 Va. 288.)

A bank cannot make a valid promise by its cashier to pay the check of a drawer who has no funds if the payee will deposit it in another bank, so that its presentment for payment shall come through the Clearing House; such a promise is invalid by the statute of frauds. (*Morse v. Massachusetts National Bank*, 1 Holmes 209.)

A cashier has no authority to transfer judgments in favor of his bank, or dispose of its property. His authority in this regard extends only to negotiable instruments. The president and directors are the only persons who can make such a transfer. If the cashier should act as their agent in doing so, this must be proved. (*Holt v. Bacon*, 25 Miss. 567.)

A cashier has no authority to buy the stock of his bank for it, except to secure a debt. It has no authority to do this, and therefore no officer can be endowed with such authority. (*German Savings Bank v. Wulfekuhler*, 19 Kansas 60.) This is not a legitimate object of the banking business. To do this is to withdraw its capital from actual existence, and, if continued far enough, to reduce it below the amount required by law.

A cashier cannot authorize a person to make a contract for the transfer of money from one point to another. The Secretary of the national Treasury contracted with a person to do this on the strength of a letter written by the cashier of a bank that the carrier was authorized to make the contract. The money having been lost, the Government sued the bank for the amount, but failed to recover, for the reason that the cashier had no authority to confer on another the right to make such a contract. (*United States v. City Bank*, 21 How. 356.)

A cashier cannot certify his own check or issue a certificate of deposit to himself. Says Martin, C.: "He could not do this without representing both sides to the transaction, thus perfecting a contract through only one consenting mind, a thing positively forbidden to agents and trustees in every department of agency and trust. The law will not permit an agent's private interest to come between himself and his principal. Its actual presence always disables the agent from binding his principal in the transaction." (*Lee v. Smith*, 84 Mo. 304, p. 309, citing *Clafin v. Farmers & Citizens' Bank*, 25 N. Y. 293; *Mercantile Mutual Insurance Co. v. Hope Insurance Co.*, 8 Mo. App. 408; *West St. Louis Savings Bank v. Shawnee County Bank*, 95 U. S. 557.) A certificate thus issued is void on its face, and no one can claim to be a *bona fide* holder without notice of the cashier's want of authority to issue it. But such a certificate would be valid if ratified by the directors. (*Lee v. Smith*, 84 Mo. 304.)

A cashier has not authority to revive a debt against his bank which is barred by the statute of limitations. Said Deaderick, C. J.: "Such a power, it would seem, should be vested either *virtute officii* or by custom and usage in some of the officers of the bank for the convenient transaction of its business. It is not a power conferred on the cashier. His duties are confined to the preservation and management of the funds of the bank, paying out and receiving debts, etc., but not to bind the bank by admissions and declarations. In the absence of any different distribution of power by the charter, or by official action of the board of directors, it might well be rightfully exercised, by general custom and usage, by the president." (*Morgan & Co. v. Merchants' National Bank*, 13 Lea 234, p. 242.)

A cashier cannot act for his bank and himself in a matter in which their interests are adverse; every one dealing with him in such a matter should inquire into its fairness, and if he does not, and a loss is sustained, it must be borne by him. (*Moore v. Citizens' National Bank*, 15 Fed. R. 141, affd. 111 U. S. 156.) The following illustration of this principle has been given by Judge Baxter: "If a cashier were to draw a check in his own favor, and then, as cashier, certify for the bank that the check was good, and he had funds to meet it, the bank would be bound to pay it upon proper indorsement and presentation. But if, in point of fact, he had no funds in the bank to check upon, the bank could not be held liable upon his certificate, although made in his capacity of cashier of the bank, notwithstanding the party suing the bank may have, in good faith, bought the check in the belief, predicated on the cashier's certificate, that the check was drawn against a fund in the hands of the bank, and that it was good, and would be paid on proper presentation. Yet, if such check was drawn in favor of a stranger, and certified by the cashier to be good, his bank would be legally bound and liable thereon." (*Id.*)

[TO BE CONTINUED.]

HISTORY OF THE MASSACHUSETTS SAVINGS BANKS.

[CONTINUED.]

GENERAL LAW OF 1834.

Up to this time there had little fault been found with the management of the savings banks of this State. A proper conservatism, born, no doubt, of the sacred character of the trust as regarded by the originators of the institutions, had prevailed in the administration of affairs. But the multiplication of banks, which became somewhat rapid during and subsequent to the year 1828, had suggested the propriety of a general law regulating and controlling the affairs of all. Such a law was passed April 2, 1834, at which time, as has been previously indicated, the total deposits was \$3,406,935 divided among 24,252 depositors. The provisions of this very important act may be briefly summarized as follows:

1. The officers were to consist of a president, treasurer, and such number of trustees as the incorporators might elect, with other officers if needful.

2. All officers, except the treasurer, were to be chosen annually by the corporation at such time as the by-laws directed; the treasurer was to be elected by the trustees, to hold office at the pleasure of said board.

3. The limit of deposits was fixed at \$1,000, except such as belonged to religious or charitable corporations, "said sums to be invested, used, and improved for the benefit of said depositors."

4. Deposits were to be invested as follows: (1) In the stock of any bank incorporated by a law of the Commonwealth or of the United States; such investment not to exceed one-half the capital stock of any bank. (2) Deposits on time and at interest in any bank. (3) Notes or bonds with bank stock as collateral security; the loan not to exceed ninety per cent. of the par value of such stock. (4) Mortgages of real estate; the total loan not to exceed three-fourths of the whole amount of deposits. (5) Public funds of the Commonwealth or of the United States. (6) Notes of any county, city, or town of the Commonwealth. (7) Personal security, with principal and two sureties all residing in the Commonwealth.

5. No officer or committee of the corporation was allowed to borrow any money thereof. This did not apply to the trustees.

6. All profits were to be divided proportionately among the depositors or their legal representatives after paying all necessary expenses. No provision was made for accumulating a reserve.

7. The treasurer was required to make returns of the condition of the bank to the Secretary of the Commonwealth, whenever so requested by the Governor. The items furnished in said returns were to cover the following: (1) Number of depositors; (2) amount of deposits; (3) amount invested in bank stock; (4) amount deposited in banks on interest; (5) amount secured by bank stock; (6) amount invested in public funds; (7) loans on mortgages; (8) loans to counties, cities, and towns; (9) loans on personal security; (10) cash on hand; (11) total dividends for the year; (12) amount of the annual expenses. In short, everything seems to have been required that could by any means throw light upon the actual condition of these institutions. This return had to be sworn to by the treasurer and five or more trustees, and was, in due time, laid before the General Court by the Governor. An additional safeguard was provided in subjecting these institutions to an examination by a committee of the Legislature whenever desired. It does not appear that this provision was ever made use of.

The first return under the new law was called for and made September 27, 1834. The showing was as follows:

Number of Banks	22
Number of Depositors	24,256
Amount of Deposits	\$3,407,773
Investments: Bank Stocks	1,192,097
Loans secured by Bank Stocks	557,930
Deposits in Banks	520,669
Other investments	942,923

It will be observed that out of a total deposit of \$3,407,773, these institutions had invested in banks, in one form or another, \$2,270,696, or nearly seventy per cent. of the deposits. It was this fact, first revealed by this return, that provoked unfavorable comment among those solicitous for the permanent well-being of these institutions. And, as the crisis of 1837 soon afterward made evident, this anxiety was not without foundation.

During 1834 and 1835, eleven new banks were chartered, making the whole number in operation, October 29, 1836, twenty-eight; five out of the eleven banks chartered not having perfected their organization. During the same period there had been an increase of 4,500 in the number of depositors, and of nearly \$1,000,000 in the total amount of deposits.

CRISIS OF 1837.

The crisis of 1837 was widespread in its effects. Laying hold of the banks of discount with a damaging severity, it immediately involved the savings banks in the general collapse. As had been expected and predicted by thoughtful men, the large holding of bank stock by these savings institutions had resulted in making

the general crisis more universal, and in bringing loss and hardship to those not well able to bear it, namely, the minors and wage workers whose savings had been confided to the care and keeping of such institutions. It not only involved individuals in unexpected loss, but the collapse of so many savings banks gave a rude shock to public confidence in the system. The losses to stockholders, resulting from the financial crisis of 1837, have been estimated in round numbers as \$2,000,000, while the savings banks were involved, it is estimated, to the extent of from \$250,000 to \$300,000.

CHANGES OF 1838.

By an act passed in February, 1838, it was attempted to amend and strengthen the general law of 1834 by providing for a regular and more exact investigation of the affairs of the savings banks. By the appointing of three commissioners whose duties were to visit the banks once at least every twelve months, a twofold benefit was expected. First, a rigid examination by competent parties was thus made inevitable, giving practical assurance of a proper publicity in the internal affairs of these institutions; and, secondly, such intimate acquaintance with the practical operation of the system throughout the State as would be thus secured, would naturally result in improved laws for the regulation of the same. These commissioners were allowed the freedom of the banks so far as was necessary to a complete and thorough examination of all books and accounts. All directors, officers, and agents were required to furnish such additional information as should be desired by the commissioners. Special examinations could be ordered by the Governor at his discretion. A majority of the commissioners could at any time, on sufficient evidence, secure an injunction of the Supreme Judicial Court restraining any bank, or, in the last event, to stop the same from transacting business. They were required to make a report of their official proceedings to the Governor in December of each year. This law was in force only five years, being repealed in March, 1843. The powers conferred were rarely exercised.

The commissioners appointed under the above act were Waldo Flint, Julius Rockwell, and Jonathan Shore. They made their first report December 31, 1838. It was quite an elaborate exposition on the nature and functions of the banks as they were or should be conducted. The report filled forty-five closely printed pages, and, being about the first literature upon the subject of our local banking, is very interesting and profitable reading.

INVESTMENTS.

The following is a summary of the investments of the banks of

the State as they appeared at the close of business the last Saturday of October, 1838, according to the above-mentioned report:

Bank stock.....	\$1,426,188
Deposits in banks.....	568,787
Loans on bank stock.....	563,931
Public funds.....	70,000
Loans on public funds.....	10,000
Mortgages of real estate.....	1,121,300
City and town loans.....	465,247
Personal security.....	672,117
Cash on hand.....	144,162
	<hr/>
	\$5,041,732

Here, again, it will be noticed that the percentage of investments in bank stocks in one form or another is somewhat high, being more than one-half the total assets. But, when compared with the report of 1834, when the average was about seventy per cent., the showing is an entirely favorable one.

The moral effect of the crisis of 1837 upon the savings banks of the State cannot be better illustrated than by noting the changes in the character of the loans during the following decade. We have at hand such a comparative statement, including the years 1836, 1842, and 1847.

COMPARATIVE STATEMENT OF INVESTMENTS.

<i>Security.</i>	<i>1836.</i>	<i>1842.</i>	<i>1847.</i>
Public Funds.....	5,182	1,373,667	2,130,200
Mortgages of real estate.....	727,518	1,919,602	4,132,386
County and town.....	357,148	597,893	947,094
Personal.....	410,242	1,050,052	2,053,001
Bank stock.....	1,192,097*	249,081	143,305
Deposits at interest.....	520,669*	217,066	140,540

Thus it will be seen that what, at the time, seemed an element of weakness and was so regarded, namely, a too intimate relation between the Institutions for Savings and the Banks of Discount, was, by virtue of the calamity of 1837, turned to good account in bringing about certain changes in those relations, not only in the line above indicated, but also in other directions hereafter to be noted. The rapid increase in the amount of funds invested in public, real estate, and personal securities, is of itself indicative of a healthful advance in the right direction.

FURTHER PROGRESS.

For several years following the crisis of 1837 there were few additions to the number of banks; some that were chartered did not complete their organization, and four were discontinued. The

* In 1834.

Institution for Savings in Taunton, chartered in 1827, failed in 1843, and finally closed up its affairs in 1848, after paying dividends to its depositors amounting to 82½ per cent.

In 1841, the law was so changed that savings banks were allowed to loan money upon the stock of Massachusetts railroads as collateral, when the capital stock of such railroad was paid in full, not subject to mortgage, and not worth less than par at the time of the loan. A loan was not to exceed 85 per cent. of the par value of the stock, and was in no case to be in excess of 5 per cent. of the deposits. Investments of this class were never large.

The year 1846 witnessed certain changes in the law affecting the returns required of the banks. In addition to previous requirements, the new law called for the following: (1) Where bank is located; (2) amount of each kind of public funds; (3) amount of stock in specified banks; (4) amount loaned on stocks, the different varieties to be named, with amount of loan on each; (5) amount held in real estate; (6) amount on deposit in each and all banks; (7) rate and amount paid in dividends during the past year, with average for past five years.

Another act provided that a married woman might give a receipt for money deposited before or subsequent to her marriage, the same to be a valid release to the bank. This was the beginning of legislation defining the rights and privileges of women and minors in their relations to these institutions; and such legislation has been of inestimable value.

An act was passed in 1847 requiring such banks as were closing up their affairs to make returns of the same on the second Wednesday of January of each year, under penalty of a fine of \$20 for each day's neglect so to do.

APPLICATION OF LAW OF 1834.

By the law of 1834 the savings banks were required to make their returns to the Secretary of the Commonwealth, who, in turn, laid abstracts of the same before one of the houses of the Legislature. It had been the custom to print these abstracts with the other documents of the house before which they were laid. In 1847, a different course was taken. Instead of publishing them, they were referred to the Committee on Banks and Banking, with instructions to investigate and report in regard to the manner in which the various laws had been conformed to during the year. The report that followed brought to notice certain technical violations of the law concerning investments, particularly investments in the securities of other States, and of the cities of other States. It seems that the banks chartered previous to the enactment of the law of 1834 took exception to the enforcement of the said law as against privileges conferred on them by their respective charters,

they holding, very tenaciously, to the opinion that their charter rights could not be lawfully abridged by subsequent legislation. The controversy was long continued. At length the Provident Institution of Boston took the matter to the court for settlement. The court decided that the laws of the State, being for the good of all, could not be construed as favoring any, and that all banks, charter privileges to the contrary notwithstanding, must conform to the requirements of the general law.

BOARD OF COMMISSIONERS OF 1851.

The term of the bank commissioners, appointed in 1838, having expired in 1843, the matter went by default until 1851, when a Board of Bank Commissioners was created, having similar powers and duties to their predecessors. This board, however, was required to visit each bank once every two years instead of annually, one-half to be visited each year, and all new ones during the first year of their existence. It was provided that special examinations should be made at the instance of five or more bank officers, or of the same number of creditors, instead of at the request of the Governor. These commissioners were to make their returns to the Secretary of the Commonwealth annually in December, and were also required to report all violations of the law to the Attorney-General for enforcement.

It was also provided that no bank should be allowed to discount a note or bill of exchange on which the name of a bank commissioner appeared. In 1858, this last provision was amended so as to prohibit said commissioners from becoming sureties for borrowers. These provisions were incorporated into the general statutes of 1860 with slight changes.

In 1865, the Board of Commissioners was abolished, to take effect January 1, 1866. In April of the same year the office of Commissioner of Savings Banks was created, with the same duties and responsibilities as the Board of Commissioners, except that examinations were to be made annually. Thereafter, the bank returns were made to this officer instead of to the Secretary of the Commonwealth. In 1875, an additional commissioner was appointed to assist in the increasing duties of the office.

WILLIAM WOODWARD.

[TO BE CONTINUED.]

THE COMPTOIR WRECK ONCE MORE.

At a meeting of the shareholders of the Comptoir d'Escompte a report was read, drawn by officers of the Government, containing an account of its operations with the Société des Métaux, an outline of which appears in the London *Economist* of May 4th. It appears that the Société des Métaux was led to embark in the great copper speculation in consequence of a successful tin speculation. The first thing was to purchase the copper in the market and then to secure the future production. The available funds of the company were only \$600,000, as the rest of its capital was in buildings, good will and other fixed property. Four millions were also raised by debentures. The president of the company, M. Denfert Rochereau, was also a member of the Société des Métaux, and M. Secrétan, director of that society, sought through him to obtain the funds for carrying on the speculation. The mines that agreed to sell their product demanded a guaranty for the payment of the purchase money, and this was given by the Comptoir d'Escompte. The first one given in December, 1887, was to the Anaconda mines. This was followed by others on the 4th of January and the 13th of March of the following year. No mention, however, of these operations was made in the reports of the board meetings of the Comptoir. The next step taken by M. Secrétan was to form a syndicate of capitalists who were to advance \$14,000,000 for periods from one to three years. The *Economist* then continues :

"The Comptoir d'Escompte was to act as banker and call for the funds as required, receiving the warrants from the mines, and holding them on behalf of the syndicate. Three members of the group, however, withdrew before February 1, 1888, when the arrangements were completed, but the place of one was taken by a new adherent. The capital of the syndicate was, however, reduced to £2,210,000, and of that sum the Société des Métaux entered for £600,000 and M. Secrétan personally for £480,000. Neither that company nor M. Secrétan furnished their share of the capital when a first call of 20 per cent. was made on the syndicate, and the £216,000 they had underwritten was provided by the Comptoir d'Escompte, and without any margin to protect the Comptoir in the event of a depreciation in the value of the copper. In March, five foreign firms joined the syndicate, and the total of the advances to be made by the group was raised to £2,505,000. The Société des Métaux then increased its capital by the issue of 50,000 new shares of £20 at £30; but in the meantime the Comptoir had made a further call of 20 per cent. on the syndicate. The minutes of the board meeting of the Comptoir d'Escompte, held on March 13, entered for the first time into details of the operations that had been apparently until then conducted exclusively by M. Secrétan and M. Denfert Rochereau. The director of the Comptoir then obtained authorization to guarantee two new contracts with mines in America, on his representations that it was a mere

formality, as the Société des Métaux, with its new capital, possessed resources of its own amounting to 4,000,000 of francs. The risk, he said, would not exceed £80,000, and would be spread over a period of three years. This operation the judicial administrators refer to especially as being a violation of the Comptoir's statutes, which interdicted the management from entering into engagements for more than 90 days.

"A fortnight later the Société des Métaux asked the Comptoir to guarantee contracts with the Cape Copper, Mason & Barry, Rio Tinto, Tharsis and other mines. The copper was to be delivered to the agency of the Comptoir in London, and M. Denfert Rochereau pointed out to the board that the Comptoir would be secured against loss by the engagements of the Société des Métaux and by the possession of the metal itself. The embarrassments were already commencing; for, besides the copper purchases, the speculation in tin had never been liquidated, and the Comptoir was exposed to a loss of £880,000 under that head. A further call of 20 per cent. of the advances from the syndicate was made by the Comptoir, but at the same time a further fresh sum of £3,120,000 was guaranteed under a contract with the Rio Tinto Company. At the end of May the effective advances by the Comptoir amounted to £5,554,000, of which £1,124,000 were unsecured. At the end of June the Comptoir was in such straits that it had to obtain from the syndicate permission to pledge warrants it held for them, and which represented the value received for the advances made by the syndicate. Those warrants were employed to obtain advances from the Bank of France and other establishments. The syndicate which had engaged to advance the £2,480,000 to the Société des Métaux then demanded that the affairs in tin should be disjoined from those in copper, in consequence of which M. Secrétan engaged to transfer land of a value of £120,000, and the Société des Métaux acknowledged its liability for a sum of £628,000. The Comptoir agreed reluctantly to guarantee new contracts presented by the Société des Métaux, while M. Secrétan endeavored to maintain the confidence of his associates by assurances that the English founders had used up all the old copper and would be forced to submit to the conditions of the company.

"At the end of July the unsecured advances of the Comptoir amounted to £2,320,000; at the end of October to £2,780,000. In December the negotiations with the object of forming an English company to take over the stock of copper had fallen through, and the Comptoir threatened in vain to refuse to make any further payments on behalf of the Société des Métaux. M. Secrétan replied that such a step would bring about an immediate collapse. At the end of December the advances amounted to £6,880,000, of which £3,480,000 were unsecured. In January the Comptoir was compelled to borrow £840,000 to continue the business of the Société des Métaux. The next sacrifice it was called on to make was to part with warrants representing a security of £1,520,000 to permit the Société des Métaux to raise a loan of £1,000,000. This was on February 5 last. In return for that concession, M. Secrétan engaged to sell from March 1 12,000 tons of copper monthly by public sales, if unable to find purchasers privately; but that arrangement was superseded by the formation of the Société Auxiliare des Métaux, which was to take over 75,000 tons of copper at the price of £70 per ton, and pay over the value to the Comptoir d'Escompte. That contract was, however, only partially carried out, and as the Comptoir had subscribed a part of the capital of the new company, the effective reduction in the advances of the Société des Métaux was of insignificant amount.

"The events that followed are well known: A sudden drop in shares of the Comptoir d'Escompte led to withdrawals of deposits, the embar-

rassments of the Comptoir having become a matter of public rumor; next came the suicide of M. Denfert Rochereau and the run on the bank. At the end of March the total sum advanced by the Comptoir to the Société des Métaux was £5,860,000, against which there remained 67,827 tons of copper. If this were realized at £40 per ton the loss would amount to £2,713,000. If the price realized were lower the loss would be greater. Some minor endorsements of warrants would increase the loss to above £3,200,000; consequently the entire capital of the Comptoir, which is £3,200,000, has been swallowed up. The Comptoir had further guaranteed the payment of future deliveries of 320,000 tons. The judicial administrators believe that those engagements may be canceled. The mine owners have no interest in insisting on the execution of the contracts of sale. As the report of the judicial administrators remarks, they are placed in the alternative of delivering the copper and being paid a dividend on the amount of their claims, or abandoning the contracts, in which case the guarantee of the Comptoir would become void *ipso facto*."

PAYMENT OF DEPOSITOR'S NOTE.

TENNESSEE SUPREME COURT.

Grissom v. Commercial National Bank.

A note executed by the depositor of a bank, and payable at the bank, is not equivalent to a check, and the bank has no authority to pay such note to a third party in the absence of a usage or of instructions from the maker to that effect.

There was evidence that a certain bank was in the habit of paying such notes upon presentment, without asking instructions from the maker. But among other banks in the neighborhood the custom was not uniform; some of them so paying only when given for personal property, and others only when the depositor executing the note was engaged in mercantile business. *Held*, that a depositor of the first-named bank, who had no knowledge of any such custom, was not bound by it.

And where it appeared that such a note, executed by such depositor, and paid by his bank without asking for instructions, was an accommodation note, and that the maker had no notice of such payment until after the insolvency of the party primarily liable, and after a settlement had been had between him and such party, in which such note was credited to the latter, the bank had no right to set off the amount of such note in an action against it by the maker to recover a deposit.

FOLKES, J.—This is a bill brought by complainant to recover of the defendant the sum of \$1,000 claimed as a balance due after crediting the bank with all checks drawn against sundry deposits made therein by complainant as a customer of the bank.

The defendant interposes two defenses. It admits that between May 1, 1886, and July 27, 1887, the complainant made deposits with it in sundry sums aggregating \$5,134.05; but says that it has paid out the same for and on account of complaint, upon sundry checks, except as to \$1,000, which it says was paid upon and in discharge of a note of complainant's for that amount, made and dated at Nashville, March 26, 1887, and payable sixty days after date to the order of J. D. Carter & Co., at the Commercial National Bank, Nashville, indorsed by J. D. Carter & Co., and by John F. Wheelis; the latter of whom, as the owner and holder thereof, placed the same in the Fourth National Bank of Nashville for collection. That on May 28, the last day of grace, the

note was by the Fourth National Bank presented for payment at the defendant's banking-house, where it was marked "good," by defendant, and was, on May 30, paid by defendant to the Fourth National Bank, and the amount thereof charged up to complainant in the same manner as though it had been a check drawn by complainant. It claims that it was and is the custom of the banks in Nashville, where notes are made payable at a particular bank, to pay such notes, when the maker has sufficient funds to his credit for that purpose, without instructions, and to charge the same to the general account of the maker. It also insists that, independent of custom, it has the right to treat a note so made as the equivalent of a check, and as a direction therefore on the part of the maker, to pay same on his general account as a depositor. The chancellor found both defenses in favor of the bank, and dismissed the bill. Complainant has appealed, assigning errors.

We will consider, first, the matter of custom. The defendant introduces the testimony of the officers of four banks in the city of Nashville, who say that such a custom, with certain modifications and variations, prevails at their respective banks, and, so far as they know, at the banks in the city generally. But these witnesses are not agreed as to the manner of exercising the usage. Mr. Porterfield, of the defendant bank, says it is the custom with his bank to pay such notes, unless on their face they appear to have been given for land, in which event they are not paid. Mr. Williams, of the First National Bank, says that while the habit of his bank was to pay such notes, they did not pay land-notes, nor where there was some complication about them. Mr. Keith, of the Fourth National Bank, proves that it was the custom of his bank to pay such notes, and that he knows of no exception to the rule, although his bank may have made some. Mr. Jones, of the American National Bank, says that it is the custom with his bank to pay such notes, if given by mercantile men; but when given by men not so engaged, they ask for instructions, before paying; and that, immediately upon paying a note under the usage referred to, his bank always gave written notice to the depositor that such payment had been made. If the custom of this last bank as to giving notice had been followed by the defendant bank, it is probable that this suit would never have been brought, as the complainant would have had opportunity of protecting himself by recourse over on the parties for whom he was accommodation maker, as will appear later on. It is clearly proven that such a custom was not known to this complainant, who was a lumberman, living in a small town in the State of Kentucky, 200 or 300 miles from Nashville. From what has already been stated as to the proof on this subject, it is clear that the defendant cannot justify its payment of the note in question upon the ground of custom. It is well settled that, to be binding, a custom must be general as to place, and not confined to any particular bank or banks. It must be certain and uniform, and there must be a reasonable ground to suppose that the custom was known to both parties to the contract, as it is upon this supposition that the parties are presumed to have contracted with reference to it. (*Dabney v. Campbell*, 9 Humph. 686; *Saint v. Smith*, 1 Cold. 52; *Adams v. Otterback*, 15 How. 545; 1 Morse Banks, ed. 1888, § 9.)

Having failed, then, to show a right to pay the note upon the ground of a usage or custom binding upon this complainant, we are confronted with the proposition that, independent of usage, the bank at whose place of business a note is upon its face made payable, has the right to treat the note as a check, and pay same, and charge it up to the account of the maker, where such maker is a depositor of the bank. The question is presented for the first time in this State, although it has received

the attention of text-writers, and been passed upon by the courts of other States, where we find a conflict of opinion. Under such circumstances it is our duty to determine the question for ourselves, upon reason and principle, and with a due regard for considerations of public policy and convenience, provided that, in doing so, we do not place our State in antagonism to the current of authority in this country. We recognize the fact that it is of prime importance that the several States in this Union should, as far as may be, without doing violence to well-settled principles of State jurisprudence, endeavor to bring about and maintain as much certainty and uniformity of decision on questions of commercial law as can be accomplished. In response to this idea, we would, upon the question now before us, yield much of the strong conviction we entertain thereon in the endeavor to place ourselves in line with the current of authority, if a strong and steady current could be found, which would not threaten to engulf and destroy distinctions which have been long and well settled in this State.

While we must concede that the weight of text-book authority is in support of defendant's contention, we are unable to discover that the weight of judicial decision is in the same direction. Moreover, we are constrained to believe that the contrary view is more in harmony with well-settled adjudications in this State upon principles presenting analogous questions, and that the current of adjudged cases is certainly as strong in the same direction. Let us see, in the first place, what is the relation between depositor and banker. It is merely that of debtor and creditor, where the deposit is not a special one. The money deposited in the ordinary course of business is at once blended with the general funds of, and becomes the property of, the bank. The depositor has only a debt against the bank, payable on demand, upon the presentation and surrender of the draft or order addressed to and directing the bank in unequivocal terms to pay the amount of such draft to the person therein named, or to bearer. This order is commonly known in commercial and banking parlance as a "check."

Reduced to its last analysis, then, the question at issue here may be said to be: If a creditor makes a note payable to a third party at his debtor's place of business, does it operate as an order on the debtor to pay the note, in the absence of any instructions, and in the absence of any understanding or agreement growing out of the previous course of dealing between the parties? In the absence of authority, the question would seem to carry its own answer in the negative. In *McGill v. Ott*, 10 Lea 147, this court has said: "A man who receives the money as agent of another, cannot simply, in that capacity, make an application of such money to the payment of his principal's debt without the assent, expressed or implied, of the principal. The fact that the debt is due to him cannot change the principle. He was bound to account for the money to his principal, it is true, but this simply made him his debtor to that amount. If sued for it, he might, under our law, set off his debt under a plea, and then hold the money subject to such an adjustment of their rights. But this goes on the idea that each is a debtor to the other, and not that one debt has paid the other." The fact that the note was payable "at" the bank, could not change the principle aimed at in the decision just quoted, unless we are to read the words "payable 'at' the bank" as synonymous with the words "payable 'by' or 'through' the bank." It will be admitted that there is nothing in the primary meaning nor general signification of the terms to warrant the use of the words in the sense in which they are to be understood, if the contention of respondent is to prevail. It is equally plain that there is nothing in the origin and purpose of the words "payable at the

bank," as used in notes, to justify the meaning sought to be given them. The language is no necessary part of the instrument. It is as valid when made payable generally as when made payable at any particular place. Its purpose, as generally understood, is to designate a place where the holder may find the maker, and ascertain whether the latter is ready, able and willing to pay the same; if not, then, having made demand at the place designated, there remains nothing for the holder to do but give notice to the indorser that such demand has been made and refused, as required by the law merchant as a condition precedent to recourse on such indorsers.

For a while, in England, it was held that a failure to present at the place named on the note discharged the maker, and the conflict of decisions between the Court of King's Bench and the Court of Common Pleas, before the decision of the House of Lords in 1820, in *Rowe v. Young*, 2 Brod. & B. 165, in accordance with the decision of the Common Pleas, reversing the judgment of the King's Bench, was finally settled in 1 and 2 George IV, chapter 78, which enacted that an acceptance "payable at the house of a banker, or other place," should be deemed a general acceptance, unless the words "and not otherwise, or elsewhere," were added. (*Bank v. Smith*, 1 Am. Lead. Cas. 456; 364.) But the almost unbroken current of authority in this country is that, so far as the maker of a note or the acceptor of a bill is concerned, the designation of a place of payment does not make a conditional liability dependent on presentment and demand at such place, but is an absolute liability to pay generally, so that practically the insertion of the place of payment is without utility, so far as the maker is concerned. And its principal, if not its sole, office, practically, in this country, now is to dispense with the inconvenience and uncertainty attending the presentment and demand upon the maker at the proper place to fix the conditional liability of endorsers.

With the place of payment designated on the face of the note, no question can arise as to due diligence, etc., on the part of the holder in his efforts to make demand on the maker. He has only to present it at the place named, without regard to the residence or place of business of the maker, and, if dishonored, give notice to the indorsers, and the latter become liable. That such is the view taken by our courts of the purpose and effect of such a clause in a note, see *Bynum v. Apperson*, 9 Heisk. 638, where it is said: "By making the note payable at the bank, it was fairly contemplated by the parties that the payment should be made at the bank." And in *Lane v. Bank*, 9 Heisk. 436, it is said: "And if the note be payable at a particular bank, and before the day of payment arrives that bank has no place of business, and ceases to exist, and another does business in the same room, it is sufficient to present the note for payment at their room." While the question now under consideration was not presented nor discussed in the two cases just cited, they serve to illustrate the argument that the use of said terms in no sense converts the note into a check. If such a clause in a note converts it into a check, or, in the language of the text-books cited by defendant, is tantamount to an order to pay same out of the funds of the maker on deposit with the bank at which the note is made payable, it would seem to follow that the failure of the holder to present same, and the subsequent insolvency of the bank, with funds of the maker on hand sufficient to pay the same, would discharge the latter, and cast the loss on the holder whose negligence was the occasion of the loss; and such is the holding of some of the cases which constitute in part the authority upon which the text-writers lay down the principle contended for here by the defendant bank. (See *Lazier v.*

Horan, 55 Iowa 75, referred to by Mr. Daniel in note 3 to section 326a, 3d ed., of his valuable work on Negotiable Instruments, as justifying the text, in this language: "And other well-considered cases sustain this view." The "well-considered cases" are *Lazier v. Horan*, *supra*, and *Thatcher v. Bank*, 5 Sandf. 130; *Bank v. Bank*, 46 N. Y. 88; *Bank v. Newton*, decided by the First District Appellate Court, Chicago, and reported in THE BANKER'S MAGAZINE for July, 1881, 8 Bradw. 563, which we will presently examine.) The unsoundness of *Lazier v. Horan* is demonstrated in *Adams v. Improvement Commission*, 44 N. J. Law 638, where, after an able discussion of the authorities, it is said: "The naming of a bank in a promissory note as the place of payment does not make the banking association an agent for the collection of the note or the receipt of the money. No power, authority or duty is thereby conferred upon the banker in reference to the note, and the debtor cannot make the banker the agent of the holder by simply depositing with him the funds to pay it with." It shows that *Lazier v. Horan* was decided entirely on the authority of section 229, Story Prom. Notes. No cases were cited in support of the proposition, and it overlooked the holdings to the contrary in the English cases of *Sebag v. Abitbol*, 4 Maule & S. 462; *Turner v. Hayden*, 4 Barn. & C. 1. It is also at variance with *Ward v. Smith*, 7 Wall. 447; *Gas Co. v. Pinkerton*, 95 Penn. St. 62. The point decided in the cases last cited, while of course not conclusive of the question before us, is instructive by analogy, and establishes the unsoundness of the adjudications invoked to sustain the contrary view.

Equally unsound is the case of *Bank v. Newton*, from the District Appellate Court of Chicago. At least it would so appear from the statement of what it holds, as found in the note to Daniel Negotiable Instruments, above referred to, which is all the information we have on the subject, as we have not had access to the case. The quotation made therefrom by Mr. Daniel (vol. 1 §, 326 a. note 3, p. 302) is as follows:

(1) "As it is the duty of the bank to pay its customers' checks, when in funds, so at least it has authority, if it is not under actual obligation, to pay his notes and acceptances made payable at the bank.

(2) "It is a presumption of law that if a customer does so make payable or negotiable at a bank any of his paper, it is his intent to have the same discharged from his deposit.

(3) "The neglect of the bank to make such appropriation would discharge the indorsers and sureties.

(4) "The act of thus making his paper payable at a bank is considered as much his order to pay as would be his check, and if the bank pay, without express orders to the contrary, it is a defense to a suit by the depositor for money so paid.

(5) "And the rule seems to be settled that if a bank advances the money to pay a bill or note of its customer, made payable at the bank, it may recover from the depositor as for money loaned; the paper so made payable being equivalent to a request to pay.

(6) "He makes the bank his agent, with implied authority to protect his credit by appropriating his deposits to the payment of his maturing obligations made payable at the bank."

The italics, and the numbering of the paragraphs, is ours, made for the purpose of emphasis and reference.

Now, are we willing to go this far? Must we establish as the law of this State the several propositions above announced, each of kin, and logically dependent one upon the other? Surely not, unless compelled by the overwhelming weight of authority. Does it not open a very Pandora's box of evil rife with litigation, and most hurtful in

their character? Does it not alike astonish the professional and lay mind? Does it not introduce, by arbitrary presumptions of law, liabilities not so "nominated in the bond," and impose upon parties to commercial paper responsibilities not contemplated by them, and hitherto unknown? Does it not inject into the every-day transactions of business men, where uniformity and certainty should be the corner-stone, elements of uncertainty and risk too grievous to be borne? Is the liability of indorsers and sureties to depend upon the pleasure of the bank whether or not it will appropriate the deposits of the maker to the payment of his notes, under the first and third propositions above? If the banks should pay checks drawn on the day of the maturity of a note of the maker in favor of itself or of a third party, to the exhaustion of the drawer's deposits, is it to be liable to the holder of the note for not having withheld sufficient funds to pay the latter? And is a twin suit to be born out of the same transaction between the holder and the sureties or indorsers as to whether or not they have been thereby discharged; they, perhaps, having given notice to the bank that, unless deposits sufficient are held, they will claim their discharge? If the bank should, under such notice, deem it safe to withhold deposits sufficient for the note, is it to then encounter a suit with the holder of a check unpaid? Is the maker of a note, where there has been a total failure of consideration, giving him a good defense to the note as against the payee or purchaser, not in due course of trade, to be held liable to the bank, which, in the absence of deposits, has gone forward and paid the note for the maker, advancing the money therefor under the fifth proposition, authorizing the bank to treat the note made payable months before at its house as equivalent to a check or request to pay? On the other hand, if the bank should fail to pay a note so made payable where there were deposits sufficient, whereby the note is protested, is the bank to become a defendant to a suit for damages for injury to the credit and business of the maker, upon the authority of the sixth proposition, to the effect that the note so made constituted the bank the maker's agent to protect his credit out of the latter's deposits?

Illustrations of the inconvenience and hardships of the rule which we are urged to establish could be multiplied almost indefinitely, and are such as to readily suggest themselves to thoughtful men, acquainted with the practical affairs of commercial life. To hold a note payable at a particular bank as tantamount to a check on the bank, is to confound distinctions heretofore established and well settled in the adjudications of this State between notes and checks. A "check" is defined to be a "written order on a bank directing it to pay a certain sum of money." A "note" is the "written promise to pay another a certain sum of money at a certain time." One is payable on presentation, the other is payable on a day certain. One is entitled to days of grace, the other is not. One is an order on a third party, the other is the undertaking of the party himself. One is an appropriation of so much money in the banker's hands, the other is a promise to pay. On the check, ordinarily, no right of action accrues until after presentment for payment; on the note, a right of action against the maker exists without such presentment. (*Blair v. Bank*, 11 Humph. 88; *Mulherrin v. Hannum*, 2 Yerg. 81; *Springfield v. Green*, 7 Baxt. 301; *Bank v. Merritt*, 7 Heisk. 190; *Brown v. Lusk*, 4 Yerg. 216.) For these and other considerations we cannot yield our assent to the doctrine urged by the defendant, and upon which the case was decided in the court below. We hold therefore that there is no implied authority for a bank to pay to a third party a note made payable at its place of business simply because of the fact that the maker has funds sufficient for that purpose, in the absence of

any course of dealing or previous instructions to so apply the deposits. Nor are we without express authority to sustain this conclusion. The Supreme Court of Illinois, in the case of *Wood v. Savings Co.*, 41 Ill. 267, has reached the same result in principle. The action was on a note payable at the banking-house of Conrad. The holder presented the note, had it marked "good," but it was not paid. The bank failed, and the maker was sued on the note. The defense was that the maker had funds sufficient on deposit with the bank to pay the note; that it was the duty of the bank to have paid it when presented. The court say: "Had Conrad any authority whatever to pay the note out of the funds on deposit in his bank to the credit of the maker? The custom sought to be established among bankers has nothing, in our judgment, to do with the question, what is the effect of making a note payable at a particular place? Was it ever before heard that the effect was to transfer, *ipso facto*, the money at the place, belonging to the makers, absolutely to the holder, on his presenting the note at the place of payment? There is no such rule in any commercial country, of which we have any knowledge. . . . We do not understand that the fact of making a note payable at a particular place amounts to an agreement that the maker may make a deposit at the bank of the amount of the note, and thus discharge his obligation, and that the money so deposited is at the risk of the holder of the note. It is a mere designation of the place where the note is to be paid, not of the person to whom the money is to be paid. By the terms of the note the money was to be paid by the maker to the payee, not 'to' (and it might have added 'by') Conrad, but 'at' Conrad's banking-house. . . . If this be so—if the holders of this note were under no obligation to present this note at Conrad's counter—does the fact that it was presented change the liability of the party in any way? . . . Conrad had no right to pay it, nor could the money be taken to pay it, except by means of the verbal order, check or draft of the maker and depositor." The principle of that case is reaffirmed in *Bank v. Patton*, 109 Ill. 479.

In *Scott v. Shirk*, 60 Ind. 160, the court say: "A bank of deposit has no power to apply a money deposit in its possession belonging to the maker of a promissory note payable at such bank to the satisfaction of such note without his consent." To the same effect is *Bank v. Bank*, 132 Mass. 151, where the court say: "The case expressly finds that Carrick, Calvert & Co. never had given any authority to the plaintiff to pay their notes out of their funds on deposit. Such authority cannot be implied merely from the fact that they made their notes payable there; citing, in support of this proposition, *Wood v. Savings Co.*, 41 Ill. 267, above. This was as late as 1882, from a State of the highest authority on questions of commercial law.

The case of *Gordon v. Muchler*, 34 La. Ann. 604, is said to have settled, for the State of Louisiana, this question in the same manner; but we have been unable to examine this volume, it being misplaced from our State library. The Supreme Court of Missouri, as reported in the text-books, seems strongly to intimate a similar holding. In *Bank v. Carson*, 32 Mo. 191, the court is quoted as saying: "The bank is not bound to apply the deposits, if it has even the authority to do so."

The text-books, generally, which are cited as sustaining the defendant's contention, agree that it is not the duty, but merely a privilege, that may or may not be exercised by the bank, to so apply deposits of the maker. Surely, this will not do, to leave the action of the bank, upon which so many important, not to say, intricate, rights of other parties depend, open to the uncertainty that must follow its optional exercise

by the bank. We quite agree with Mr. Daniel, in his work on Negotiable Instruments (vol. 1, § 326), that the question should be settled definitely, and not left to the option of the bank. But we think it much sounder and safer to hold that, in the absence of instruction, either expressed or to be implied from previous course of dealings between the maker and his banker, the bank has no authority to apply the funds of its depositor to the payment to third parties of notes payable at its bank. We limit this decision to a payment made to a third party because we are not called upon to decide any but the case before us, which, as we have seen, is one of a payment to a third party.

The right of the bank to retain out of deposits sufficient to pay itself, where the bank is the holder and owner of the note, is quite a different question, involving an application of the law of set-off, and is not intended to be affected by any thing said in this opinion. We close the citation of authority which is in accord with our conclusion by a reference to 1 Edwards on Bills (3d ed., 1882,) page *166, section 195, where the learned author says: "The better opinion, undoubtedly, is that the bank has no right to pay out the money of a depositor except upon his order, or with his assent"; citing approvingly the 41 Illinois and 60 Indiana cases, above referred to. See also Newm. Bank Dep. (1888), section 119, page 120, where, in the text, it is said: "A banker has no right to apply money on deposit in his bank to the payment of a note of the depositor, payable at the bank, without the order of the depositor"; citing the case already referred to by us, of *Bank v. Patton*, 109 Ill. 479.

If we consulted our own convenience and the necessities of the case, we would end this opinion here. But it has been so strenuously urged at the bar that the great weight of authority is the other way, that it becomes proper, if not necessary, to refer to the authorities upon which such claim is predicated. We have laboriously and at length examined every thing that has been available to us that presents the other side, but, owing to the length to which a review of cases ordinarily leads, we will try to be brief in what we have to say in relation thereto.

It is true that Bolles on Banks and Their Depositors, section 403, and Morse in his work on Banks and Banking, volume 2, section 557, and Pratt in his Manual of Banking Law, chapter 9, page 44, after stating that there are authorities both ways, say the weight of authority is that it is the privilege of the bank (to be exercised or not, as it may see proper,) to apply deposits to the payment of a note of the depositor, payable at its bank. The American cases cited by these text-writers are the same, and consist, in the main, of the following: *Mandeville v. Bank*, 9 Cranch 9; *Bank v. Bank*, 46 N. Y. 82; *Indig v. Bank*, 80 id. 106; *Bank v. Henninger*, 105 Penn. St. 496; and a very few other cases where the bank was itself the holder of the note. The States represented are not so numerous, as appears from their citations, as those who hold as we do, while the cases themselves will not stand close scrutiny.

Great prominence is given the case of *Mandeville v. Bank*, from the Supreme Court of the United States, reported in 9 Cranch 9. All the text-books quote the following language from the opinion in this case pronounced by Chief Justice Marshall: "By making a note negotiable in bank, the maker authorizes the bank to advance on his credit to the owner of the note the sum expressed on its face"; and announce the doctrine as contended for. The few cases in the same direction build with equal confidence upon this decision. It must be admitted that, when taken by itself, the language quoted does seem to sustain them.

But when we examine the facts in that case it becomes manifest at a glance that the point really decided, and to which the language was intended to apply, is as foreign to the question we are considering as it could well be, and relate at all to commercial paper. The facts of the case were, briefly, these: Mandeville, a citizen of Virginia, executed his note to one Nourse, for \$410.50, sixty days after date, negotiable at the Union Bank of Georgetown, payable at the Bank of Potomac in Alexandria. On the day of its execution the note was negotiated and discounted by the Union Bank of Georgetown, and the proceeds thereof paid over to Nourse. After this, Nourse, becoming indebted to Mandeville, executed to him his note, due in sixty days, negotiable at the Bank of Alexandria, payable at the Bank of Columbia. When the note given by Mandeville, and discounted by the Union Bank, fell due, it was not paid, and the Union Bank sued Mandeville thereon. He defended, trying to set off against the note the debt he held against Nourse. It was insisted for Mandeville that his rights must be determined according to the laws of Virginia, the *lex loci contractus*; and that under the laws of that State a defendant is allowed to set off against the assignee of a promissory note any just claims which he had against the original payee before notice of the assignment of the note. For the bank it was said that it was immaterial by which law the note was to be governed; for it was made with a view, expressed on its face, to be discounted by the Union Bank, whereby the defendant had waived any off-set to which he might otherwise have been entitled. The court, in deciding the question, said (and we give the opinion entire, *in hac verba*): "It is entirely immaterial whether this question be governed by the laws of Virginia or of Maryland. By neither of them can the discounts claimed by the plaintiff in error be allowed. By making a note *negotiable* in bank (the italics are ours), the maker authorizes the bank to advance on his credit to the owner of the note the sum expressed on its face. It would be a fraud on the bank to set up off-sets against this note in consequence of any transactions between the parties. These off-sets are waived, and cannot, after the note has been discounted, be again set up. The judgment is to be affirmed, with damages at the rate of six per cent. per annum." Thus we see that no possible question arose upon the part of the note making it "payable at" the Bank of Potomac, nor "with" that bank, but upon that part of the note making it "negotiable" at the Union Bank, and with the latter bank; and no question of the application of bank deposits in any shape is presented. The only matter considered, or that could possibly have been considered, by the court, was whether a party having authorized a bank to discount his note could thereafter set off debts he held against the payee of the note. The facts of this case were not published in the earlier Cranch Reports, which doubtless accounts for the misconception of the opinion by the usually accurate and always learned text-writers who have made it the groundwork of the effort to establish the rule as contended for by defendants in the case at bar. The facts will be found in "The Lawyers' Co-operative Publishing Company's Edition of the United States Supreme Court Reports."

The case of *Bank v. Henninger*, 105 Penn. St. 496, is greatly relied on by the text-books above referred to. There the bank was the holder and owner of the note, and the maker was B. F. Young, its cashier. At the close of business on the day of the maturity of the note there were funds of the cashier on deposit sufficient to pay it. The cashier, instead of charging up said note against his deposit, handed it to a notary for protest; the object being to hold the indorser, and compel him to proceed against the maker in order to let in a defense which the

maker could not set up against the bank. The suit was by the bank against the indorser, who claimed to be discharged by the facts stated. The court, among other things, say: "When the depositor becomes indebted to the bank on one or more accounts, and such debts are due and payable, the bank has the right to apply any deposit he may have to their payment; this, by virtue of the right of set-off. Where a general deposit is made by one already indebted to the bank, the latter may appropriate such deposit to the payment of such indebtedness." And, while admitting that the bank might waive this right of set-off, so far as it was concerned, yet, where the rights of other parties were concerned, the waiver might result in releasing sureties, and the court held the indorsers discharged; the court illustrating the ground of the decision in the following language: "If I am the holder of A.'s note, indorsed by C., and when the note matures I am indebted to A. in an amount equal to or exceeding the note, can I have the note protested, and hold C. as indorser? It is true A.'s note is not technically paid, but the right to set-off exists, and surely C. may show, in relief of his obligation as surety, that I am really the debtor, instead of the creditor, of A. If this be so between individuals, why is it not so between a bank and individual?" How far removed this case is from supporting the doctrine as contended for here, is too manifest to justify elaboration, yet it is cited in the text-books as sustaining the assertion that the weight of authority is in favor of the right of a bank, without regard to whether it is or not the holder of the note, to appropriate deposits of the maker to its payment, upon the idea that a note made payable at the bank is tantamount to a check on the bank.

Let us see next what is in the case of *Indig v. Bank*, 80 N. Y. 100. Plaintiff held a note payable at the bank at Lowville. He deposited it with the defendant bank for collection, who sent it by mail to the bank of Lowville. On maturity, the bank of Lowville charged the note up to the maker—he having funds there on deposit—and forwarded its draft to defendant. The bank of Lowville failed before the draft was cashed. The plaintiff sued the defendant for the amount of the note, which amount he alleged was lost through defendant's negligence. It was insisted for the plaintiff that defendant, by sending the note to the bank of Lowville, constituted that bank its agent for the collection of it, and was "therefore liable for the proceeds as having been received by the bank of Lowville; the last named bank being deemed to have received the proceeds by charging the amount to the note against its customer—the maker." The court, in response, say: "We do not think that any such agency was created. The note, *in so far as relates to its presentment at the bank*, and the duties of the bank in respect to it, was equivalent to a check drawn by the maker upon the bank where the note was made payable"; citing *Bank v. Bank*, 46 N. Y. 88. We will first observe that the portion of the opinion which we have taken the liberty of italicizing is directly in conflict with the decisions in our own State, with reference to the duties of the holder of a note so payable as to the non-necessity of presentment, and overlooks and confesses the distinctions we have already pointed out between a check and a note as to presentment. The right of the bank of Lowville to pay the note because made payable at its place of business was not the issue in that case, but in the argument upon the non-liability of the defendant the court merely assumed upon the authority of the *Bank Case*, in 46 N. Y. 82, that such was the law; so that for the soundness of the doctrine we must turn to that case. When we read the syllabus, we are told that it simply decides that a direction of a bank depositor to his bank to pay out his funds on his

notes due and to become due, in a certain order, creates no trust in favor of the holders of such notes, and that they have no right of action against the bank for its failure to comply with the depositor's instructions. The facts were that the Florence Mills, a Connecticut corporation, had made two notes, payable at the counter of the defendant. One fell due April the 2d, and the other, April 4. The note falling due on the 2d of April was presented for payment and protested for non-payment. On the 3d of April the mills company sent a letter to the bank, containing a draft (which, with a small balance to the credit of the mills, was sufficient to pay either note, both being for the same amount), with directions to credit their account with the draft, and then to pay their note falling due on the 4th. The draft was collected on the 3d—the day it was received—and on the same day the bank paid the note that had been protested on the 2d. The note due on the 4th not being paid, the holder sued the defendant, insisting that the letter directing how the proceeds of the draft should be applied, operated as an equitable assignment or appropriation of the proceeds to the payment of its note falling due on the 4th. This alone was the issue, and such was the reporter's understanding of it, as shown by the syllabus. The opinion takes a much wider range, and does announce the doctrine as broadly as here contended for—that a note payable at a particular bank is in substance a check. But that part of the opinion making the announcement is without any citation of authority or process of reasoning to sustain it, and it is difficult to understand exactly upon what the court predicated its opinion that the note was the equivalent of a check. In two paragraphs it seems to be placed upon the agreement or understanding of the parties, and in another upon commercial usage, while in another it seems to be predicated upon the legal effect of the note so written. Nor does it appear that the defendant bank was not itself the owner of the past due note to which the deposit was applied in violation of the instructions of the depositor. Moreover, the opinion was by a divided court, Chief Justice Church dissenting; so that our answer to this case, which is much relied on by the defense here, is that what is said concerning the question now before us was incidental merely, unsupported by reason or authority, and with an ambiguity of statements of facts, so far as this question is concerned; and we may be permitted to add that on the very point decided it is of most questionable soundness. It virtually holds that a customer of a bank cannot make a deposit, with instructions accompanying the same to apply proceeds to a note of the depositor maturing on the succeeding day, that would prevent the bank from applying the proceeds to a note past due before the deposit was made. It seems not only to create a new law for banks, but it strikes down the well-established right of debtor, unable to pay two debts, to direct and control the application of his payments to the one he may prefer. The authority of such a decision, viewed from any standpoint, is not sufficient to overturn our convictions, nor break the force of the well-considered cases holding to the contrary.

In *Pease v. Warren*, 29 Mich. 9, Judge Cooley says: "It cannot be pretended that the making a note payable at a particular bank can make the bank the agent of the payee to receive payment." And, we ask, would not this be just as fair and reasonable reading of the terms as it is to construe them to make the bank the agent of the payor to make payment? They would serve the one purpose as well as the other, and there is as much authority for the one holding as the other; and several of the cases cited as sustaining the defendant's contention here do go to the very point of deciding what Judge Cooley says is not law. Such is

the decision in *Lasier v. Horan*, 55 Iowa 75 already herein referred to. It is true that Mr. Daniel, in the third edition (vol. 1, § 326a) of his valuable work on Negotiable Instruments, says that in his previous editions he had taken a different view, but that he is now of opinion that he was wrong, and that "upon principle and authority we should say that a bank or banker at whose place of business negotiable paper is made payable may apply to its payment funds of the maker or acceptor held on deposit, at its maturity; the relations of banker and customer, and the tenor of the instrument, justifying the inference that the customer intended this to be done"; citing, in note, the case of *Indig v. Bank*, 80 N. Y. 106; and adds in the text: "And other well-considered cases sustain this view"—referring to *Lasier v. Horan*, *Thatcher v. Bank*, *Bank v. Bank*, and the case of *Bank v. Newton*, already so freely quoted from by us. While we entertain for this distinguished author the highest respect for his learning and accuracy (and the writer especially esteeming him no less highly personally than professionally), we are constrained to believe that the view expressed in the previous editions of his work is sounder, and more in keeping with authority and reason and the necessities of the large interests concerned, than is found in the last. There is no new light shed on this subject that in our opinion justifies the change of view. This author seems to consider separately the rule as applied to acceptances and to notes; and as to acceptances he says: "It may be regarded as well-settled law in England that an acceptance payable at a particular banker's is tantamount to an order on the banker to pay same to the person who, according to the law merchant, is capable of giving a good discharge to the bill." In support of this he cites, in note 3, section 326a: *Robarts v. Tucker*, 16 Ad. & E. (N. S.) 578; *Kymer v. Laurie*, 18 L. J. Q. B. 218; *Forster v. Clements*, 2 Camp. 17; and in addition thereto, Thompson, Chitty, Parsons, Byles and Edwards, on Bills. Of the text-books cited, Edwards, as we have already seen, takes a different view, while the others refer to the same cases that Mr. Daniel does, as far as they were extant at time of publication; their text adding nothing thereto germane to the point under discussion.

Having already extended this opinion beyond what is deemed necessary by the writer, we will undertake to go into but one of the English cases referred to, although they have all been considered. *Robarts v. Tucker*, 16 Adol. & E. (N. S.) 578, was where the banker paid an acceptance of the Pelican Life Insurance Company, payable at such banker's, upon a forged indorsement. This payment was debited to the company on its pass-book, and returned to it by the banker, and the company credited its banker on its books. Subsequently the company was compelled to pay the amount thereof to the true owner of the acceptance, and thereupon brought this suit against the banker. The first count in plaintiff's declaration alleges that, in consideration of certain money loaned by it to the defendant banker, and of the agreement to retain and employ the defendant as the banker of plaintiff, the defendant undertook and promised the company, to the extent of money so lent, to pay to the lawful holder thereof all such bills of exchange as should be accepted by the company, payable at the banker's house; and that not regarding, etc., the defendant had charged plaintiff with an acceptance that had been paid to persons not legally authorized to receive payment and give an acquittance, etc. The second count was for money loaned, account stated, etc. The contest was whether the course of dealing between the bank and its customer, creating the obligation of the banker to pay his customer's acceptance made payable at the place of business of the banker, rendered the latter

liable if he paid same upon a forged indorsement, it being conceded that the act of acceptance was a guaranty of the genuineness of the drawer's signature. The court decided that the banker's authority to pay was limited to the payment of genuine indorsements; the court adding that "if bankers wish to avoid the responsibility of deciding on the genuineness of indorsements, they may require their customers to domicile their bills at their own offices, and to honor them by giving a check upon the banker." And it was in this connection that Parke, B., used the language that has been made the basis of the announcement by the text-writers of the doctrine contended for; the latter losing sight of, as we think, the custom and course of dealing, if not an express agreement, that by reason of the deposit or lending of the funds to the banker the latter undertook to protect the credit of the customer, under which, if he failed to do so, the banker became liable to an action by his customer for permitting him to be dishonored. (See *Marzetti v. Williams*, 1 Barn. & Adol. 415; *Whitaker v. Bank*, 1 Comp. M. & R. 744.) Recognizing the mutability of the obligation, it was said by Maule, J., in *Roberts v. Tucker*, *supra*, that "it is a hardship on a banker if he must either pay the bill at once, at the peril of an indorsement proving a forgery, or dishonor the bill at the risk of an action against him by his customer." *Forster v. Clements*, 2 Camp. 17, cited by Mr. Daniel and other text-writers, was a case presenting for adjudication the same question presented in *Roberts v. Tucker*, differing from it only in the fact that in *Forster v. Clements* the banker had paid the acceptance without funds, and then sued the acceptor—its customer. The acceptor defended, upon the ground that the bank had not proven the genuineness of the first indorser's signature. The custom to pay was assumed. If we are to ingraft upon the law of this State what is said to be the English rule, authorizing the bank to treat the paper made payable at its place of business as tantamount to a check, we should do so, not in part, as the few American cases relied on do, but as a whole, and carry with it an obligation and duty upon the bank to pay, so that, upon failure to do so, it must be liable to an action for damages for injury to the credit of its customer. Well might the banks pray to be delivered from their friends if the rule contended for is to be established in this State, with all of its attendant uncertainties and dangerous liabilities.

Without referring further to the cases cited in the text-books, they may be classed as resting either on custom well established or course of dealing between the parties thereto, or to paper owned and held by the bank at maturity, where the principle of set-off has been applied. Without further discussion, we hold, on this branch of the case, the decree of the chancellor was erroneous, and should be reversed. Of course it is needless to add that there is nothing to prevent any depositor from making such agreement with his bank as to the protection of his paper. We merely hold that, in the absence of an understanding, the bank pays at its peril.

One other question remains to be disposed of: For the defendant it is urged that if it be held that the bank had no authority to pay the note, then they ask to be permitted to rely upon such payment as a set-off against complainant's demand; and the note is filed with the answer, showing the indorsements as given in the opening statement of this opinion. The answer is asked to be taken as a cross-bill, but no process is issued. Without determining whether this matter could or could not be made in answer merely, without cross-bill, it is sufficient to say that in whatever form presented it would be unavailing to the defendant under the proof in this case, which shows that, by reason of such an authorized payment, and the failure of the bank to notify the

complainant thereof, the latter had a settlement with J. D. Carter & Co., the parties primarily liable, as between themselves and complainant, subsequent to such payment, and in ignorance thereof, wherein complainant allowed Carter & Co. credit for the amount of said note upon the assumption that they had, in accordance with their contract, paid the same; the consequence of all of which, together with the subsequent insolvency, and removal from the State, of Carter & Co., before any knowledge that his deposits had been applied, the complainant has lost recourse over on the parties primarily liable thereon. So that to allow the set-off would be to cast upon complainant the loss resulting from the unauthorized act of the defendant.

Under the facts of this case the complainant's equity is superior to any right of set-off which the defendant might otherwise have had.

Let the decree be reversed, and judgment here for the complainant, with interest and costs.

Lurton, J., dissents.

RECOVERY OF DRAFT DEPOSITED IN AN INSOLVENT BANK.

SUPREME COURT, GENERAL TERM, FIRST DEPARTMENT.

*Importers and Traders' Bank v. Peters et al.**

Where a national bank was hopelessly insolvent, to the knowledge of its officers, who had been notified by the Comptroller of the Currency to make good a certain deficiency, and who made no efforts to comply with such directions, the receipt of a draft offered by a depositor by the bank was a fraud on the depositor, and he was entitled to recover the proceeds of the draft so long as he could trace them, wherever they might be found.

The draft was sent by the insolvent bank to plaintiff for collection along with other drafts, and was collected before the failure of the sender, and the proceeds were passed to its credit. Prior to such remittance the insolvent bank had a considerable sum to its credit with plaintiff. *Held*, that payment by plaintiff, of drafts against the insolvent's account, would be charged against the moneys belonging to latter realized from other sources than the draft in question, as between such insolvent and the depositor, and that the depositor was entitled to recover any balance left of such account, deducting remittances made by the insolvent to the plaintiff after the draft was collected, and after payments by plaintiff on account of such insolvent had ceased.

The fact that such depositor had filed his claim on account of such draft with the receiver of the insolvent bank, and had accepted and retained a dividend upon such claim, did not preclude him from asserting his claim against the funds in the hands of plaintiff, where, after acquiring notice of the circumstances under which the draft had been received by the insolvent, he repudiated the claim which he had filed with the receiver, and the dividend retained by him did not exceed the amount which he was entitled to receive from the receiver in any event.

Action by Importers & Traders' Bank of New York against William H. Peters, as receiver of the Exchange National Bank of Norfolk, Va., and Everett Bros., Gibson & Co. Judgment was rendered for the last-named defendant, and the receiver appeals.

VAN BRUNT, P. J.—This action was one of interpleader brought by the Importers & Traders' Bank against two claimants of a fund in the hands of the plaintiff. An interlocutory judgment was entered in October, 1885, under which the plaintiff, upon paying into court the sum of \$7,207.36, the amount of the fund, was relieved from further liability to either defendant, and the action was continued between the defendants for the purpose of determining the rights of the defendants, respectively, to the fund in court.

* Affirming 1 N. Y. Supp. 89.

The respondents claim the fund as being the balance remaining unappropriated of the proceeds of a sight draft drawn by them on Murchison & Co. for \$12,303.52, which draft was deposited by them on the 30th of March, 1885, with the Exchange National Bank of Norfolk, for collection for their account. Their claim is also founded upon the fact that, at the time of the deposit of the said draft, said Exchange National Bank was hopelessly insolvent, to the knowledge of its officers, and that the receipt of the draft under the circumstances was a fraud. It was claimed upon the part of the respondents that, at the time of the opening of the account with the bank, it was understood and agreed between the respondents and the officers of the bank that out-of-town drafts which were deposited by the respondents should not be drawn against until collected, and that the business with the bank on the part of the respondent was always conducted on the foundation of this agreement. The learned court who tried this case found the existence of such an agreement, and there was perhaps sufficient evidence in the case to justify this finding, although the conduct of the plaintiffs after the failure would seem to have been inconsistent with its existence. It is true that it was sought to be established upon the part of the officers of the bank that this was not the course of dealing between the parties, but that out-of-town drafts deposited were credited at once to the respondents, and could be drawn against by them. It did not appear, however, that any drafts of this kind ever had been made by the respondents, and therefore the truth of the statement upon either side cannot be determined by the actual practice of the parties. Whether this finding be sustained or not, the conclusion at which the court arrived, that the receipt of the draft by the bank under the circumstances was a fraud upon the respondents, was amply supported by the evidence. The Norfolk bank, had for a long time been hopelessly insolvent by reason of the depredations committed by its officers. On the 15th of March the bank had been notified by the Comptroller of the Currency that the deficit must be made good. No efforts whatever were made to comply with the directions of the Comptroller, and the officers knew that the bank might be compelled to cease their business at any moment, and, under this condition of affairs, there was not the slightest reason to believe that they would be able to continue their business. Applying the principles enunciated in the case *Anon.* (67 N. Y. 598), it is clear that the receipt of the draft from the respondent under this state of facts was a fraud upon them, and the bank thereby acquired no title whatever to its proceeds. This draft, with others, was sent on for the purpose of collection to the Importers & Traders' Bank of New York, the plaintiffs in this action. The total amount of the remittance was \$17,734.36, and was received by the plaintiff on the afternoon of March 31, 1885. On the morning of the 1st of April the draft was collected by the plaintiffs, and on the morning of the 2d of April, before the Norfolk bank had received any notice of the payment of the draft in question, or could have received notice in the due course of business, it failed.

It was urged at great length by the attorney for the appellant that in the due course of business, the Norfolk bank must have received notice of the non-collection of this draft, if it had been protested; but it will be seen that such argument is not correct. Even if the draft had been presented on the 31st of March, which the Norfolk bank had no reason to suppose would be the course of business, yet the notice of protest could not have been mailed until the first of April, and could not have been received by the Norfolk bank until the morning of the 2d of April, at which time its doors were closed, and it had ceased to do business. On the morning of the 1st of April it appears that the

Norfolk bank had to its credit in the hands of the plaintiff \$5,142.66. Upon that day this credit was increased by remittances made by the Norfolk bank by the sum of \$17,734.36, including the draft in question, and that, at the close of business on April 1st, the plaintiff had to its credit the sum of \$9,349.48. On the 2d of April the plaintiff received and credited to the Norfolk bank \$964.77, and on the same day paid out, before it heard of the failure, \$4,964.80; the balance at the close of business on the 2d of April being \$5,349.45. On the 3d of April the plaintiff credited the Norfolk bank \$1,705.26, consisting of checks or drafts mailed to them on April 1st, and which were received on the 2d, but were not considered available by the bank until the morning of the 3d, making the balance with a couple of other small items the amount which forms the subject-matter of this action.

In the disposition of this case it is not at all necessary that the decision be based upon the agreement alleged to have been made by the respondents with the officers of the Norfolk bank at the time of the opening of this account. The receipt of the draft by the bank on the 30th of March, in the hopeless condition of insolvency in which it then was, the officers of the bank knowing that its doors might be closed at any moment, and having no idea of being able to continue in business, was a fraud upon the respondents; and the Norfolk bank became the trustees of the respondents for the purpose of the collection of this draft; and as long as the respondents can trace this draft or its proceeds, they are entitled to recover the same from the representative of such bank. In none of the cases which have been cited have the circumstances which are apparent upon the face of the evidence in this case been present. There never was such a hopeless condition of insolvency. There was not present the certainty of being required to close their doors within a short period of time. There never existed in any of these cases the fact that there was not a possibility of the bank continuing its business. As already said, these facts bring the case directly within the decision of the Court of Appeals in 67 N. Y. above referred to. Under these circumstances, until the Norfolk bank had received the proceeds of this draft, and had mingled it with its funds so that it could not possibly be traced, the respondents had the right to claim these proceeds wherever it might find them. In the case at bar a certain portion of the proceeds had been left in the hands of the plaintiff. It is true that various drafts had been made against this account; but, upon an examination of the account, and applying the ordinary rules in the application of drafts, it will appear that the balance which is now on hand consisted of the balance which remained arising from the collection of the respondents' draft, together with the \$1,705.26 collected April 3d. Moneys were received, and payments were made, and, as between the respondents and the Norfolk bank, who are the only parties here represented, and who are the only parties complaining, the principle which would be applied necessarily must be that drafts must be charged against the moneys belonging to the Norfolk bank rather than against those moneys which they had fraudulently obtained possession of belonging to the respondents.

The claim that, because the cashier of the bank had testified, or would testify, that this draft had been credited as cash upon the books of the bank, and that it would have honored the draft of the respondents against it, in no way affected the officers of the Norfolk bank. It is not what they would have done, but what they could have been compelled to do, which is to govern the legal relations between the parties. The claim that the persons who had deposited the other checks and drafts with the Norfolk bank might possibly have some claims, in no way

affects the question now before the court, because none of such persons have presented any such claims, and they have all proven their claims against the receiver in one form or another.

It is urged, however, that because the respondents proved their claims, and accepted a dividend, they are estopped from making the claim which they now assert. That may be true in respect to the agreement which it is alleged was made at the time of the account between the officers of the bank and the respondents, because they must have known under that agreement that the bank had no title to the draft, and their subsequent discovery of the hopeless insolvency of the bank in no way affected their claim arising under the agreement. But it is very different in respect to their claim arising because of the fraudulent acts of the officers of the bank. It appears that the respondents repudiated the claim which they had made upon the discovery of the frauds which had been perpetrated upon them, and the fact that the bank had been hopelessly insolvent at the time of the receipt of the draft, and it nowhere appears but that this rescission was promptly made within a reasonable time after the discovery of the frauds referred to. It is true that they did not, at the time of this rescission, return the amount of the dividend they had received upon their claim presented to the receiver upon the draft in question, but it was not necessary, under the circumstances of this case, that such an offer to return should be made; because at the time of the rescission there was lying in the receiver's hands an amount appropriated to a second dividend upon their claim against the bank, including the draft in question, from which they authorized the receiver to deduct the amount which they had already received as a dividend upon this draft, and they declined to receive any more from this second dividend than the balance which would arise after deducting the amount of the first dividend, and they refused to receive any part of the second dividend which had been declared upon this draft. The rule undoubtedly is that where a party attempts to rescind he must restore all that he got arising from the transaction which is sought to be rescinded. But there are exceptions to that rule; and, where the party in any event would be entitled to receive from the party against whom the rescission is made more than the money he has on hand, he is not bound to return the money which he has received. This principle is distinctly recognized in *Allerton v. Allerton*, 50 N. Y. 670.

The receiver, therefore, having in his hands money belonging to the respondents which they were entitled to receive as a dividend upon the balance of their claim after deducting therefrom the dividend upon this draft which they had received, and deducting also the second dividend which had been declined, they were under no obligation to return the money received, because it would be simply paying the money over to the receiver with one hand, and collecting it back again with the other. Under all the circumstances, therefore, it would appear that the respondents were equitably entitled to enforce their claim for the balance of the money remaining in the plaintiff's bank which was part and parcel of the proceeds of the draft which said bank had collected, and which belonged to them because of the fraud which had been perpetrated in the receipt of the draft, whether for collection or on deposit. They are not entitled, however, to claim the whole of the balance which remained in the hands of the Importers & Traders' Bank, because it is evident that the whole of such balance was not proceeds of the plaintiff's draft, as, subsequent to the collection of this draft, the balance standing to the credit of the Norfolk bank had been brought down to \$5,349.45, which was all that remained unappropriated of such proceeds, and it is only this sum that the respondents can claim as belonging to them. If the

respondents will stipulate to modify the judgment by reducing the recovery to the sum of \$5,349.45, with interest applicable to this sum, the judgment, as modified, will be affirmed without costs; otherwise the judgment will be reversed, and a new trial ordered, with costs to appellant to abide event. All concur.

PAYMENT BY CHECK

SUPERIOR COURT OF NEW YORK CITY, GENERAL TERM.

Mayer v. Heidelberg.

The delivery by the maker of his check to his bank of deposit is a parting with present value, and vests in him the title to drafts bought by the bank of other parties, though it had failed to remit the amount.

Plaintiffs, Charles Mayer and William Hauelsen, sued Philip Heidelberg and Isaac Ickelheimer on certain drafts drawn in favor of plaintiffs on the Deutsche Bank of Berlin. Plaintiffs were merchants at Indianapolis, and the defendants bankers at New York city. Plaintiffs ordered said drafts through Harrison's Bank, at Indianapolis, their bank of deposit. Harrison's Bank inclosed plaintiffs' order, and directed defendants to send their sight draft on Berlin to plaintiffs, "as per inclosed mem.," and "we will remit as usual." Such remittances were usually made by check of the bank on New York by return mail. Defendants made and forwarded their drafts to Harrison's bank, which delivered them to plaintiffs at once, and received their checks on their deposit. Harrison's Bank closed its doors, and defendants, not being paid for the drafts, stopped their payment. There was judgment for plaintiffs, and defendants appeal.

PER CURIAM.—Upon the former appeal, which was by the plaintiffs, the case did not contain the evidence, but only the facts found by the trial judge, and his conclusions of law thereon. Upon the present appeal, which is by the defendants, the case contains the evidence in full, together with the findings of fact and the conclusions of law. But the case itself does not appear to be so materially changed as to call for a change of views. Indeed, the findings of fact on the first appeal were so full and complete that they presented all the material facts now disclosed by the evidence.

It was conceded then, and it is conceded now, that the Harrisons did not acquire a good title to the drafts as against the defendants as vendors; and the principal contention then was, and now is, whether the plaintiffs can defeat the claim of the defendants by proof that they became purchasers of the drafts from the Harrisons for a valuable consideration, with which they parted on the faith of the drafts. It was distinctly decided that they can do so; that they were purchasers from the Harrisons, and not from the defendants; and that the giving of their checks to the Harrisons, in payment of the drafts, constituted, under all the circumstances, a parting with a valuable consideration on the faith of the drafts. (54 N. Y. Super. Ct. 438.)

Assuming, as we must, the correctness of that decision, although the question arising upon the delivery and the acceptance of the checks may be conceded to be a very close one, the present appeal discloses no sufficient reason why we should come to a different conclusion. The facts found are sufficiently supported by evidence, and, under the law applicable thereto, as determined by this court, they sustain the conclusions of law based thereon. So, if the former decision is sound,

none of the exceptions taken by the defendants to the refusals of the trial judge to find otherwise than he did find constitutes ground for reversal. As to the checks drawn by the plaintiffs upon Harrison's Bank, it is true it appeared upon the former occasion that they were afterwards returned to plaintiffs as canceled, and with the bank's canceling mark upon them, whereas it now appears that they were returned to plaintiffs by the receiver of Harrison's Bank after plaintiffs had received notice from the defendants that the drafts in suit had not been paid for, and that payment of them had been stopped. But this variance is of no importance, nor is the return itself of any importance, if, as was held, the delivery and the acceptance of the checks, under the circumstances they were delivered and accepted, were equivalent to a cancellation of plaintiffs' claim against the bank to that extent, and to a corresponding reduction of the amount of plaintiffs' deposit, and that consequently such delivery and acceptance constituted a parting by the plaintiffs with full value, on the faith of the drafts. The judgment should be affirmed, with costs. All concur.

LEGAL MISCELLANY.

NEGOTIABLE INSTRUMENTS—GUARANTY.—The mere neglect of the holder of a note to sue the maker does not discharge the guarantor of payment, although the maker becomes insolvent. These questions were in part before this court in *Bloom v. Warder*, 13 Neb. 476, and it was there held that a guaranty of payment, with waiver of protest, demand and notice of non-payment indorsed upon the note, was an absolute contract upon a lawful consideration that the money expressed in the note should be paid when due at all events, and without reference to the diligence of the holder or the ability of the maker to pay. This case, however, being somewhat different from that one, we have re-examined the question, and conclude that the District Court did not err in its ruling upon the objection to the proffered testimony. The decisions of the courts upon this question are not uniform, and cannot be harmonized, but we think that the great weight of authority is in favor of the doctrine held by the District Court. We note the following cases which are nearly all directly in point: *Hungerford v. O'Brien*, 34 N. W. Rep. 161; *Allen v. Rightmere* 20 Johns. 364; *Brown v. Curtiss*, 2 N. Y. 225; *Roberts v. Riddle*, 79 Penn. St. 468; *Peck v. Frink*, 10 Iowa 193; *Fuller v. Tomlinson* (Iowa), 12 N. W. Rep. 127; *Clay v. Edgerton*, 19 Ohio St. 549; *Roberts v. Hawkins* (Mich.), 38 N. W. Rep. 575. These cases go upon the theory that the guaranty is absolute and unconditional, and not like the conditional contract of indorsement, which is to pay on demand being made on the maker, and notice of dishonor given to the indorser in case payment is not made by the maker. In *Brown v. Curtiss*, *supra*, Judge Bronson, in delivering the opinion of the court, says that "In such cases the grantor is neither the maker nor indorser of a promissory note. On the contrary, he has in very plain terms made a contract of a different kind from either of those—one well known to the law—and that by that contract he must either stand or fall. He has guaranteed the payment of G. F. Brown's note, and we have no right to turn that contract into one of a different kind. This is so plain a principle that it would seem to be enough to mention it without saying anything more." But the writer of that opinion enters upon a thorough discussion of the question, in which a great

number of cases are cited and considered. In *Clay v. Edgerton*, *supra*, Chief Justice Brinkerhoff, in writing the opinion, says: "We are aware that cases may be found in which the point has been ruled otherwise, but it seems to us that the reasoning of Bronson, J., in *Brown v. Curtiss*, *supra*, is unanswerable and irresistible." The latter case was one in which, as in this, the holder of a promissory note transferred it, and indorsed thereon the following: "I guarantee the payment of the within note to C. Edgerton or order. Isaac Clay." It was held that this was an absolute and unconditional guaranty, and no affirmation in the petition of demand and notice was requisite to make a *prima facie* case for recovery upon it. [Neb. Sup. Ct., Jan. 4th, 1889. *Huff v. Slife*. Opinion by Reese, C. J.]

NEGOTIABLE INSTRUMENTS—INDORSEMENT.—In Vermont, a third person who indorses his name in blank upon a note, under that of the payee, *prima facie* assumes the obligation of a maker. [*National Bank v. Dorset Marble Co.*, Vt.]

NEGOTIABLE INSTRUMENTS—COLLATERAL SECURITY.—Where a note is indorsed and delivered as collateral security, the indorser and indorsee are to be regarded as sustaining towards each other the relation of pledgor and pledgee; and if such collateral paper matures before the principal debt, the duty and obligation of the pledgee in the collection thereof is performed by the exercise of reasonable and ordinary care and diligence. [*Mount Vernon Bridge Co. v. Knox County Sav. Bank*, Ohio.]

NEGOTIABLE INSTRUMENTS—EVIDENCE.—In an action on a promissory note, the defense was that it was given by defendants to plaintiff for the sole purpose of procuring the release of one W., who was in jail upon a criminal charge at the complaint of plaintiff. One of the questions asked defendants was: "What was your understanding when you signed the note?" Held, that this was properly excluded. [*Fosdick v. Vanarsdale*, Mich.]

PRINCIPAL AND SURETY—CONTRIBUTION.—Where the complainant, in a bill for contribution between sureties, has paid only a part of the joint indebtedness, and one or more of the defendants have also made payments thereon, the amounts paid by all the parties must be added together, and the sum divided by the number of solvent sureties, which will give the basis for contribution. [*Gross v. Davis*, Tenn.]

CORPORATIONS—DIRECTORS—RIGHTS OF STOCKHOLDERS.—Where a sale of corporate property to pay debts, though made by persons who are directors both of the selling and purchasing corporations, realizes more than the value of the property, stockholders in the former have no ground of complaint. [*Manufacturers' Sav. Bank v. O'Reilly*, S. C. Mo.]

CORPORATIONS—ASSIGNMENT OF STOCK.—A subscriber to the capital stock of a corporation who has, in good faith, transferred his shares to another, which transfer has been accepted by the corporation, before an assessment is made, is not liable for the unpaid subscription. [*Stewart v. Walla Walla Print. & Pub. Co.*, S. C. Wash. Ter.]

GAMING—GAMBLING CONTRACTS—SALES FOR FUTURE DELIVERY.—Contracts for the sale of personal property, to be delivered at a future day, if the parties intend the property shall be delivered and paid for, are valid, though the sellers have not the goods nor other means of getting them than to go into the market and buy them; but when the real intention of the parties is merely to speculate on the rise and fall of prices, and the property is not to be delivered, the transaction is against public policy, and void. [*Kahn, Jr., v. Walton*, S. C. Ohio.]

INTEREST—ACCOUNTS BETWEEN PARTNERS.—The rule that interest should not be allowed on partnership accounts until after a balance is struck, on a settlement between the partners, has no application where a partner has withdrawn greatly more than he was entitled to from the firm assets, applying it to his own use, to the detriment of his copartners. [*Masonic Sav. Bank v. Bangs*, Ky. Ct. App.]

BANKS AND BANKING—UNITED STATES BONDS—TAXATION.—However true it be that United States bonds are not taxable as independent assets, it is a matter beyond discussion that, when the capital of a bank is in part or in whole invested in them, the shares of such banks, whether national or State, are liable to State taxation. [*First Nat. Bank v. Board of Reviewers*, La., 5 South Rep. 408.]

NEGOTIABLE INSTRUMENTS.—The payee of a note transferred it to a creditor in consideration of the discharge of a debt owing to the creditor, but, as the amount of such debt was not fixed, the creditor agreed that, if the debt fell short of the amount of the note, he would pay the difference to such payee: *Held*, that the creditor became the absolute owner of the note. [*Wilson v. Law*, N. Y.]

NEGOTIABLE INSTRUMENTS—LOST NOTE.—Evidence sufficient to account for non-production of note so as to put defendant on his defense. [*Clift v. Moses*, N. Y.]

NEGOTIABLE INSTRUMENTS—COUNTY WARRANTS.—A county warrant has not the qualities of a negotiable paper, and the plaintiff stands in the shoes of his assignor, the original holder. [*Bank of Santa Cruz County v. Bartlett*, Cal., 20 Pac. Rep. 682.]

AUSTRIA AND HUNGARY.

Vienna is a city of 1,300,000 people. Budapesth has about 425,000. Prague has 162,000; Trieste, 145,000; Limburg, 110,000. No other city of Austria touches 100,000 inhabitants. The exports of Austria now are about \$350,000,000 a year. The imports are less than the exports somewhat. The principal export is grain; next timber, next sugar. Sugar is exported to the amount of \$24,000,000, and this is nearly equaled respectively by watches and instruments, wool and woollens, and living animals. Of course, the German portion of Austria is the most active in business. They send to Great Britain about \$5,500,000 worth of grain and flour per annum, including barley. The British return to Austria cotton manufactures, iron and machinery. Ninety-four per cent. of the area of Austria is productive; Austria proper has 620,000 acres of vineyard. The kingdom has nearly a million and a half of horses and about eighty-five hundred thousand cattle. Hungary produces annually \$20,000,000 worth of wine, and has nearly two million horses and about five million cattle, with ten millions of sheep. They export horses, cattle and sheep from both the kingdoms, more than they import. The mines, including salt, produce for Hungary \$17,000,000 a year. Austria has coal, which yields her about \$20,000,000 a year. They employ over 100,000 persons in their mines and metal works. In Austria are 8,500 miles of railroad; in Hungary 5,800 miles. They have only about one-tenth the railroad owned in the United States. The navigation of the river Danube is controlled by the Berlin treaty of 1878. It is considered an international highway from its mouth to the iron gates, and Austria, Bulgaria, Roumania, and Servia, assisted by the supervising great powers, control the river. Going down the river there are some 3,200 of all kinds of vessels per annum; coming up, about 29,000.—*Gath, in the Enquirer.*

FRENCH BANKING COMPANIES.

"We have often in this journal," says Paul Leroy-Beaulieu in the *Economiste Français*, "drawn the attention of the public to their faults. The sudden collapse of the Comptoir d'Escompte gives new interest to an examination of the usual methods of carrying on these great institutions. We can never hope, by general rules, to avoid with any completeness, accidents of this kind. There will always be faults committed, mankind being susceptible to excitement and blindness, and being carried into dissimulation in order to conceal errors, and the result is to prolong a situation long previously rotten. We can ask ourselves, nevertheless, if there is not something to reform in a method which allows the fall—within one month after the most satisfactory official declarations, and an increase of dividend—of an establishment which was believed to have a capital of eighty million francs, a reserve of twenty million francs extra, and which besides had four managers and auditors (*censeurs*), and twenty directors all known and generally esteemed, enjoying large fortunes, and with a knowledge, experience, and capacity that might reasonably be taken for granted? In truth, the method usually followed in France, and perhaps elsewhere, in the administration of joint stock companies, and in the relations of directors with shareholders, is misleading. It gives no sound guarantee of good management.

"The council of administration of joint stock companies is in general a body deprived of all efficiency, and its constitution is not appropriate to the conveniences which it ought to fulfill. The council of administration is in the main a union into which one enters by favoritism. The personages on this council are merely ornamental. They are too numerous to render much assistance to the business; they give it too little time; they have no sufficient means of information and control; they are not paid enough—directly, at least; they have too often private interests in some sort opposed to those of the establishment which it is their duty to conduct. What strikes one, first, is the excessive number of a council of administration. There are few companies in which this number is below twelve; in many it is fifteen, in others twenty, in some twenty-five; we believe there are councils of administration which include thirty members. To these are added at least two auditors, or two *censeurs*, often three, sometimes six. Thus, at the least, we have twenty persons, sometimes thirty or more, who are engaged in conducting a joint stock company. Why so many cooks in a business which demands care, attention, and wisdom? What can we expect from these twenty or thirty persons? Instead of gaining from this excessive number, the discussions tend to be involved. This council meets once a week or once a fortnight; it hears certain reports; the president or the managing director makes some observations; others are silent; many not daring to speak, or fearing a breach of the *convenances* if they spoke. A director who thought to wander from time to time through the office, to look into the books, to examine the portfolios, would soon be treated as indiscreet, and looked upon in some sort as a man without tact (*qui ne sait pas vivre*). So many people being unable to look thoroughly into the details of the business, or into the interior of the establishment, it results that the real administration rests in reality on the president and the manager, who is a salaried agent. Sometimes they choose a sub-committee of the council of administration, and this is called a

committee of direction. They take five members from the twenty or thirty, and the five are invested in reality with all powers. The expedient seems happy, but there are grave drawbacks. The fifteen or eighteen members of the committee of administration who do not take office in the inner committee no longer know anything—can do nothing. They are but ornamental; they cover with their high standing the occult acts of the members of the inner committee. The public do not suspect that the members of the council of administration of a company often know no more of its affairs than mere strangers.

“Too numerous, the members of the council of administration are not in general sufficiently interested in the business which they conduct. They are required to hold fifty or one hundred shares, which is an insignificant amount. This provision was made to leave the door open to men of ability, but without capital; but few of these, in fact, take part in councils of administration. Moreover, men without means can always be used as agents or salaried advisers.

“It would not be asking too much that the council of administration should hold at least a tenth of the whole shares; and they ought to admit into those councils some of the large shareholders. Not alone are the members of the council only slightly interested in the business which they conduct, but they are sometimes quite in competition with, and therefore opposed to it. The members of the council, excepting certain rare companies, which give them part of the surplus profits, usually get no more than a ridiculous remuneration. In nearly all statutes you see this inept phrase: ‘The services of members of the council of administration are given gratis.’

“And why should they be gratis? Nothing is gratis upon this earth—at least among the more absorbing occupations of mankind. The explanation is that the position of a member of a council of administration is not absorbing. In the absence of fixed emoluments there are payments for attendance, such as fifty francs for a sitting, sometimes only twenty-five francs, only rarely as much as one hundred francs. Among many councils, even those of large societies, the members get with difficulty a direct payment of more than £140 per annum. Besides the sittings of the council there are also special duties, many signatures to be given, and other work, and thus the remuneration sometimes rises to £300, which is the grand maximum.

“As the members of the council are usually rich persons, such a sum is insignificant to them; if they are poor men it is insufficient. In the result the real gains of the councils of administration are got from indirect profits, such as syndicates, the selling of securities, or the constitution of affiliated societies and commissions, and the preference which they get clandestinely, if not openly, in successful issues of capital. That is where the booty is got, but it has a bad odor, if only because the councils of administration do not get enough out of their regular pittance, and are impelled to meddle in equivocal occupations from which the principal establishment may in the end gravely suffer.

“The limited time given by the directors to checking the management, and the small direct remuneration allotted to them, have this effect: that the same persons nearly all take part in half-a-dozen, or even in a dozen, sometimes in twenty different boards. There are thus in Paris one hundred persons who administer 1,000 chief companies, whether financial, railway, transport, or industrial. It is a sort of brotherhood. Outside directors, who by chance are mixed up with only one or two companies, and who remain there voluntarily or otherwise, are considered eccentric. They do not belong to the general brotherhood of directors, but find themselves strangers in the gatherings which they

may attend. They feel that they have neither the language nor the customs of the craft.

"From a half-dozen or dozen companies, in which a director takes a nominal part, it is possible to draw a somewhat important income. Six, eight, ten or a dozen incomes of two to four thousand francs, amount up altogether to, say, £700 per annum. Some fifteen years ago a well-known personage was instanced, who had managed, so it was said, by multiplying himself in this way, to make an income of £2,400 per annum as a 'guinea-pig.' It was a great deal, but by getting the *entrée* into six or eight of the chief directorates, one can arrive at a good income from directors' fees. Adding some participations in successful issues, the work of a professional director can thus be made fairly lucrative.

"Nevertheless, it is not these profits which are most affected. There are four categories of directors. The first are the big men (*gros bonnets*), embracing presidents and vice-presidents. These are very frequently either professional bankers or large speculators. Next below them there is a race of docile tools, hungry, fussy, intriguing, those people who are or have been deputies, senators, prefects, or men of the world, more or less titled, belonging to the elegant circles of society. These are the men who like directors' fees and participations in syndicates. These are the allies and tools of members of the first category. Between these two elements there is a class of easy, half-asleep, and innocent *bourgeoise* with solid fortunes, honestly made, with which they might content themselves, but either through vanity or *naïveté*, they are glad to become directors of any important society, in order to find themselves colleagues of some high financiers or well-known intriguers. This third category is often amongst that in which the victims are found, and they are not seldom engineered (*exploité*) by the two first categories.

"There is doubtless a fourth category, comprising directors, rich, competent, assiduous, and with no interests to serve but those of the establishment which they direct. There are societies in which the directors of this fourth category dominate, but there are others where the majority of directors are confined to the second and third class.

"The directors of credit companies have often at their head professional bankers, or speculators with a large following. This is a serious danger. The president, or one of the influential members of the directorate, continues to direct a banking house or a private business. The danger is apparent immediately. There is often an opposition of interest between the private firm of the director and the establishment which he directs. He embarks in an undertaking on his own account; if it turns out well, he keeps it for himself; if it takes a less favorable appearance, the large establishment is there to give it shelter. There is a strong temptation to pass it on to the financial society, for the colleagues of the chief are usually in the same position, or anxious to be friendly, or inattentive, or half asleep.

"If we pass from the directors to the accountants, or the *censeurs* (auditors), the customs and methods appear no less unsatisfactory. The accountant ought to be a professional man, technically competent. It is not easy, in fact, to make the situation of a large joint-stock company clear. Usually, the accountants employed are not equal to clearing the situation. They are sometimes young men, who are in the way of becoming directors themselves; sometimes also persons whose previous duties have had no bearing on account books and balance sheets. If one were to examine many of these accountants, they would be embarrassed when asked to explain items in the balance sheet; many of them would not know if a given item belonged to liabilities or assets, and there are some even (we are even wrong to be so doubtful on the point) to whom the terms debit and credit are represented by no clear ideas.

"These accountants are usually taken from a class which is quite strange to technical knowledge in the matter of commerce, industry, or banking. They tell you they 'have verified the documents,' but they do not even know what are the documents. In general, the little communication which they make to the general meeting of shareholders has been edited by an official in the establishment. For this statement, and the signature which they give, the accountants are paid £40, £60, or, perhaps, £80, which does not seem much, but which corresponds to no real service done.

"The *censeurs* have more important duties, since they are expected to see that the statutes of the company are duly observed. But there also, in the absence of sufficient direct remuneration and of personal independence, the duties are usually very moderately well filled.

"At last we come to the general meeting. Two of the largest shareholders are made to sit as assessors. In the interval between the closing of the transfer books and the holding of the meeting, they are allowed the opportunity to make inquiries on the spot, but this amounts to nothing. These also are ornamental personages, as everything is ornamental in the conduct of many French joint stock companies. Some tens or dozens of shareholders receive a report containing a number of figures. Amidst all of this nobody dares to speak. If by chance one of the shareholders risks saying a word, he is silenced under the pretext that secrecy is necessary in the affairs of the establishment; and then each shareholder returns home, the directors freed from the annual *corvée*, the shareholders full of confidence in the future of the company.

"We do not, of course, say that all joint stock companies are conducted in this manner. There are many which prosper under perfectly proper management. These are usually the companies which have been able to minimize the faults described—for instance, those companies whose chiefs are neither professional bankers nor heads of private firms.

"We must doubtless avoid too sweeping a criticism. We meet in Paris and in France many companies carefully and even severely managed. What we have attempted to set out is that the method followed, either in the selection or the method of working, or in the remuneration of directors, presents many bad points, which ought to be remedied. Thus, while being just to well administered companies, we ought to recognize that the usual methods of administration are defective; that they expose the shareholder to the heaviest and most sudden risks. It is not the law that we should have recourse to, to improve this state of things, which are habits which should be modified. This depends on the public—on the shareholders themselves."

And so M. Leroy-Beaulieu points the moral of the Comptoir d'Escompte. His words are wise—after the event, if you will—but wise nevertheless; and it is not only in France that such abuses exist.

Sterling exchange has ranged during May at from 4.88¼ @ 4.89 for bankers' sight, and 4.86¾ @ 4.87 for 60 days. Paris—Francs, 5.16¼ @ 5.17 for sight, and 5.18½ @ 5.16½ for 60 days. The closing rates for the month were as follows: Bankers' sterling, 60 days, 4.87¼ @ 4.87½; bankers' sterling, sight, 4.88¾ @ 4.89. Cable transfers, 4.89 @ 4.89½. Paris—Bankers' 60 days, 5.17½ @ 5.16½; sight, 5.15½ @ 5.15. Antwerp—Commercial, 60 days, 5.20½ @ 5.20. Reichmarks (4) — bankers', 60 days, 95¼ @ 95½; sight, 95½ @ 95¾. Guilders—bankers', 60 days, 40¾ @ 40¼; sight, 40½ @ 40¾.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

RELEASE OF INDORSER BY ALTERATION IN DRAFT.

A draft drawn on a Wilmington firm by parties in a foreign country is sent to a Wilmington bank for collection, passing through several banks on the way, and bearing the indorsement of these banks and bankers. The draft is presented and accepted payable *at bank in Philadelphia*. Will the fact that the draft is accepted payable in Philadelphia have any effect upon the liability of the indorsers in the event of non-payment?

REPLY.—What is the nature of an indorser's contract of an unaccepted bill? Says Daniel: "The indorser of a bill contracts to pay it at maturity, if, on presentment for acceptance, it is not accepted according to its purport, and he is duly notified of the dishonor." (Sec. 671, Third Ed.) This bill was payable at Wilmington, and when the drawee accepted qualifying or changing the bill by making it payable in Philadelphia the holder should have treated it as dishonored, and given notice of this fact to the indorsers if they were to be held. That such an acceptance was a material alteration of the bill, and thus affected the liability of the indorsers, we think has been clearly established. In the case of *The Niagara District Bank v. The Fairman & Willard Machine Tool Manuf'g Co.* (31 Barb. 403), a draft was drawn by the company at Rochester, on a firm residing at Cobourg, in Upper Canada. The firm accepted the draft payable at the bank of Upper Canada, Port Hope. The draft was presented to that bank and payment was refused, and the defendant was sued. The court said: "An acceptance of a bill at a different place from that of the residence of the drawee . . . must be a material departure from the bill. This must be so upon principle. The acceptance becomes a part of the bill, and any material variance from the tenor and import of the bill, made in the terms or manner of the acceptance, taken or assented to by the holder, must be at his own risk and must discharge the drawer, if due presentment is not afterwards made at the proper place and due notice given of the non-payment of the bill." The case of *Woodworth v. Bank of America* (19 Johns. 391) is still more conclusive. James Keane made a note, dated at Albany, which was indorsed by Woodworth. After the note was returned to the maker he wrote in the margin, "Payable at the Bank of America, J. K.," and presented it to that bank for discount. When it became due payment was demanded at the bank and notice of non-payment was regularly given to the indorser. In an action by the bank against him, the court held the memorandum in the margin of the note by the maker was a material alteration of the contract, which discharged the indorser from his liability. The indorser's contract was to pay the amount of the note to the holder if the maker did not, provided that payment should in due time be demanded of the maker personally, or at his residence, and also that notice of non-payment should be duly transmitted to the indorser. Keane's memorandum transferred the place of payment

to the Bank of America, "and was a material alteration of the indorser's contract." "It appears to me," said the court, "that the place of payment, next to the sum payable, is the most essential part of the contract, for on its proximity or remoteness must depend, in point of time, the indorser's knowledge of non-payment, which in most cases must to him be a matter of great importance. And I apprehend that a merchant of this city [Albany] when about to indorse negotiable paper would deem the contract into which he was entering, as materially different, whether the note was paid at Albany or at New Orleans. He would undoubtedly take into consideration, in estimating the responsibility he was to incur, that in the one case he would receive notice of his liability in case of dishonor, the same day, but in the other not until twenty or thirty days after he became charged with the amount." The reasoning in this case seems sound, and has been followed in other adjudications. See *Walker v. Bank of the State of New York* (13 Barb. 636) and *Troy City Bank v. Lanman* (19 N. Y. 477); also Daniel on Neg. Instruments (Sec. 1401, Third Ed.): "If the place of payment," as said the Court in the case first mentioned, "in such a case, may be fixed ten miles distant from the place of residence of the acceptor it may be 100 or 150 miles with equal reason. I think there can be no safe rule, except to confine the power of designation, by the acceptor, of the place of payment, to some place within the limits of his own city, town or village."

Notwithstanding these strict applications of the rule, we are not altogether confident that it should be applied to the case in question. The correctness of its application in the Woodworth case was indirectly questioned in the case of the *Troy City Bank v. Lanman* (19 N. Y. p. 480). Suppose a bill was drawn on a firm in Brooklyn, or Jersey City, or Newark, and was accepted payable in New York, would the principle apply in such a case? Another principle is well understood, that if a draft is addressed to a drawee at the city in which he resides, it may be accepted payable at some particular bank or place within the limits of that city. Said Judge Strong in the *Troy City Bank case* (19 N. Y. 477, p. 480): "If, in the case under consideration, the drafts had been made payable at a particular store, counting-house or office in New York, it would have been a change, although I do not think that it would even then have been a material one, to have accepted it as payable at another place in the same city. No possible injury can result to the drawer or indorser by making a bill of exchange, directed to the drawee in a city generally, payable at some particular place in the same city. It becomes *pro hoc vice* the place of business of such drawee." Are not these four places, New York, Brooklyn, Jersey City and Newark, for many of the purposes of business, to be considered as a single place? If the draft is accepted payable near enough to the firm's office, so that their rights would not be impaired in the event of their having recourse to any of the other parties, would the change be material? We think this is the underlying reason for the rule. Acceptance at a different place in the same city is not considered a material variation, simply because the rights of the drawer or indorsers will not be impaired thereby. And so, if the bill is accepted to be paid within the usual limits of doing business in a particular locality, is not the rule observed, and the acceptance regular? The application of the rule is not free from doubt.

NOTICE OF PROTEST.

Will you please give me your opinion of the following case: A bank discounts a note for G., payable at another city and indorsed with two names other than G., the last one. About one week before the note matures the drawer writes to G. and asks him if he will renew the note for him if he will give the same indorsers, and is answered that he will not carry the note, but it must be paid. The note matures and is protested and returned to the bank discounting it. Notice of protest is sent to the bank for the last indorser, and the bank supposes that said notice was left at the place of business of the last indorser by their regular messenger. The bank charges the note and costs to the indorser, with the intention of sending the note out the next day and obtaining his check for the amount, but the note is overlooked and is put away among the checks of the indorser and remains there until he sends his book to be balanced, some eight months afterwards. With his canceled checks the protested note is also returned to him as a voucher for a charge against his account. When he received it he sends word to the bank that he never knew the note had not been paid, and that he had never received any notice of protest. He also states that every employe in his office is willing to swear that he never received any notice in his hands. Upon appeal to the messenger of the bank, he states that he cannot remember the particular notice, but that it is his duty to leave all such notices, and as he is cautious about protest notices he believes that the notice was regularly left about the place of the last indorser. In the meantime the drawer of the note has failed, one indorser has died, and the other seems to be of no account. Upon whom should the loss fall? Upon the bank, because it did not get G.'s check for it, or upon him? Another circumstance connected with the transaction was that, some time after the note had been protested, the drawer sent an order to G. and obtained another lot of goods, the amount of which G. has never been able to collect. G. claims that if he had known the note had not been paid that he would not have sold him the other goods, and states that in all his former transactions with the bank he never allowed a note to be charged to him, but invariably sent a check when a discounted note was not paid. Will you please give us your decision on the case?

REPLY.—As the collecting bank and the last indorser lived in the same town, the bank must prove that the notice was actually received by the indorser in due season. A different rule would apply with respect to the proof had the indorser lived in another town. Said Dewey, J., in *Cabot Bank v. Warner* (10 Allen 522): "The distinction between the different modes of giving notice is this: that where the holder and indorser reside in different places, the former, if he deposits the notice in the post-office in due season, has no further burden on him as to the actual receipt of it by the latter; but where both parties live in the same town the sender of the notice is bound to show that it was actually received by the indorser in due season." The bank cannot show that the notice was received by the indorser; on the other hand, the facts above given clearly indicate that he did not receive it. The indorser, therefore, cannot be held for the amount.

A GOVERNMENT SUIT AGAINST STOCK BROKERS.—The Government, through United States District Attorney Walker, has filed a bill of complaint in the United States Circuit Court against Isaac B. Newcomb and Manuel de Rivas, brokers, in this city, to recover the sum of \$75,500, with interest dating from 1872. The case is a peculiar one. In 1871 and 1872 James J. Johnson was a clerk in the office of the assistant-treasurer in the sub-treasury in this city. According to the facts embodied in the complaint, Johnson from time to time, under the names "James J. Johnson, agent," and "M. Kronheim," speculated in stocks, etc., through the office of Newcomb and de Rivas with moneys to the amount stated, which he had embezzled from the sub-treasury.

BANKING AND FINANCIAL ITEMS.

A COMICAL CONTEST.—The Philadelphia *Record* describes the attitude of two competing bankers in the neighboring State of New Jersey. The refusal of the City National Bank of Salem, N. J., to accept certain terms of exchange offered by the Woodstown, N. J., National Bank has involved those institutions in a war which has assumed a comical aspect. As the Salem bank receives on deposit daily a large number of the Woodstown bank checks, a messenger is dispatched to the latter place, eight miles distance, twice a week to receive the money for the same. In order to punish the Salem people, Cashier Flitcraft imported from Philadelphia thousands of dollars, silver coin, counted out in bags, to meet these checks semi-weekly. Messenger Powell, whom the Salem bank sent down last week, protested, whereupon Cashier Flitcraft yesterday, when Powell appeared with \$4,800 in checks, wheeled out the money in a wheelbarrow to the middle of the bank, and dumped the whole amount loose on the floor, compelling Powell to count out the entire amount. When bags were asked for in which to carry the money to Salem, Cashier Flitcraft politely responded that banks were not in the habit of furnishing their patrons with purses. Powell sent back for a team and armed guard to assist him in the transportation of his burden. The war continues, and is the topic of conversation of the citizens of the two counties.

TAXATION IN PHILADELPHIA.—Three Philadelphia merchants do an annual business exceeding \$5,000,000 each and pay tax upon it. Postmaster-General Wanamaker, who pays tax upon an annual business of more than \$10,000,000, heads the list. In this he leads all of his fellow business men in Philadelphia, just as he exceeds all Philadelphians in the amount of tax which he pays to the city upon real estate, amounting to nearly \$50,000 a year. The highest rate of mercantile tax levied by the State is upon a business exceeding \$5,000,000 annually. The firm of Strawbridge & Clothier pays upon the basis of \$5,000,000 and over, and so does the grocery firm of Thomas Roberts & Co., No. 116 South Front street; but Mr. Wanamaker pays a mercantile tax upon a rate of \$5,000,000 and more at his Thirteenth and Chestnut streets store, and upon a basis of \$5,000,000 at his wholesale establishment known to the trade as Hood, Bonbright & Co.

MORTGAGES IN OHIO.—State Labor Statistician Fassett has just completed his table of State mortgage indebtedness, the total of which is much smaller than he had expected. He took, or caused to be taken, every uncanceled mortgage on real estate, exclusive of railroads. They were taken by years and townships from 1870 down to the present. When the Mills bill was under discussion in Congress the Democrats claimed the mortgage indebtedness on farm property alone in Ohio was \$701,000,000. Instead, the total on all kinds of realty from city and county is but \$330,999,205. Of this not more than \$65,000,000 is on farm property. No separate record is made of farm property, and this is only estimated, but the record was made of all the counties by townships, and in this way it is approximately estimated. Property in the manufacturing cities is the heaviest mortgaged, the ratio averging from one-half to the total of its assessed valuation. Farms in the vicinity of such cities are freest from mortgages, the ratio being from one-twentieth to one-thirtieth. Farms most remote from manufacturing centers are the heaviest burdened, the ratio of mortgages to valuation being from one-third to one-half.

BALTIMORE.—The improvement in the edifice of the National Bank of Baltimore, corner of Baltimore and St. Paul streets, will make that structure one of the most complete in the country. The whole interior will be remodeled so as to contain all modern conveniences, improvements and facilities for the purposes to which it will be dedicated. It will front 36 feet on Baltimore street and 112 on St. Paul, and will be six stories high, including the basement, which will be as handsomely finished as the rest of the building. The lower story will be finished in red Missouri granite, a stone here used for the first time in any Baltimore building; the other stories will be of Connecticut brownstone. The crown of the structure will be a handsome balustrade of brownstone placed above the cornice over the upper story. The ground floor will be occupied by Messrs. McKim & Co.,

bankers, the first story by the National Bank of Baltimore, and the other stories will contain handsomely fitted offices, and which have already been taken to a great extent. The first three floors will be fire-proof.

CONDITION OF PHILADELPHIA BANKS IN 1879 AND NOW.—The following is the report of the capital and surplus of the national banks of Philadelphia, together with the percentage of surplus and undivided profits to capital (after deducting expenses), as shown in the regular reports to the Comptroller of the Currency for October, 1879, and February, 1889—a period of nearly ten years:

<i>Banks.</i>	<i>Capital Feb., 1889.</i>	<i>Surplus and undivided prof. February, 1889.</i>	<i>Pct. of surplus & undiv. prof. to capital 1879.</i>	<i>Pct. of surplus & undiv. prof. to capital 1889.</i>	<i>Pct. of gain or loss in surplus in ten years.</i>
Philadelphia.....	\$1,500,000	\$1,021,858	54.94	68.12	13.18
North America.....	1,000,000	1,431,184	110.18	143.11	32.93
Farmers and Mechanics.....	2,000,000	648,552	25.53	32.42	6.89
Commercial.....	810,000	244,471	32.30	30.18	12.12
Mechanics.....	800,000	291,295	22.99	36.41	13.42
Northern Liberties.....	500,000	720,995	129.84	144.19	14.35
Southwark.....	250,000	156,587	56.59	62.63	6.04
Kensington.....	250,000	230,749	34.24	92.29	58.05
Penn.....	500,000	273,227	25.81	54.64	28.83
Western.....	400,000	253,689	49.28	63.42	14.14
Manufacturers.....	935,000	124,642	22.69	13.33	19.36
Commerce.....	250,000	105,460	28.76	42.18	13.42
Girard.....	1,000,000	1,202,567	75.97	120.25	44.28
Tradesmens.....	400,000	573,120	261.37	143.28	*118.09
Consolidation.....	300,000	332,609	83.17	110.86	27.69
City.....	400,000	475,704	82.79	118.92	36.13
Commonwealth.....	208,000	10,854	4.39	5.21	0.82
Corn Exchange.....	500,000	282,212	41.75	56.44	14.69
Union.....	500,000	275,772	22.92	55.15	32.23
First.....	1,000,000	690,948	61.25	68.09	6.84
Third.....	300,000	70,919	21.60	23.63	2.03
Sixth.....	150,000	161,743	34.01	107.82	73.81
Seventh.....	250,000	32,274	6.42	12.90	6.48
Eighth.....	275,000	373,855	53.80	135.94	82.15
Central.....	750,000	1,280,875	90.23	170.78	80.55
Republic.....	500,000	360,519	23.07	72.10	49.03
Security.....	250,000	141,452	12.40	56.58	44.18
Centennial.....	300,000	146,515	1.42	48.83	47.41
Merchants.....	600,000	116,096	.....	19.34	19.34
Keystone.....	500,000	97,313	5.59	19.46	12.87
Independence.....	500,000	125,054	.....	25.01	25.01
Ninth.....	300,000	94,257	.....	31.41	31.41
Tenth.....	200,000	31,785	.....	15.89	15.89
Spring Garden.....	750,000	139,024	.....	18.53	18.53
Northwestern.....	200,000	43,333	.....	21.66	21.66
Southwestern.....	200,000	28,489	.....	14.24	14.24
Produce.....	300,000	31,329	.....	10.44	10.44
Fourth Street.....	1,500,000	208,609	.....	13.96	13.96
Chestnut Street.....	500,000	50,493	.....	10.09	10.09
Second National.....	280,000	129,111	22.65	46.11	24.66
Germantown.....	200,000	258,347	63.81	129.17	65.36
	\$22,908,000	\$13,304,318			

*Not an actual loss in surplus, but loss in proportion to capital, occasioned by an increase in capital. The proportion of surplus and undivided profits to capital now held by the banks is 58.07 per cent.

+Loss.

—The Press.

PHILADELPHIA BANK DIVIDENDS:

	Nov., 1888.	May, 1889.		Nov., 1888.	May, 1889.
	Per cent.	Per cent.		Per cent.	Per cent.
Central.....	6	6	Peoples.....	4	4
City.....	5	5	Philadelphia.....	6	6
Commerce.....	3	3	Republic.....	3½	3½
Commercial.....	3	3	Second National....	3	3
Consolidation.....	6	6	Seventh National....	2	2
Corn Exchange.....	3½	3½	Sixth National.....	3	3
Farmers & Mechanics	4	4	Spring Garden.....	2½	2½
Germantown.....	6	6	Southwark.....	6	6
Girard.....	6	6	Tenth.....	2½	2½
Independence.....	.	2½	Third.....	3	3
Kensington.....	4	4	Tradesmens.....	8	6
Keystone.....	3	3	Union.....	3½	3½
Mechanics.....	3½	3½	Western.....	5	5
Northern Liberties..	8	8	West Philadelphia..	3	3
Penn.....	3	3			

NEW BEDFORD, MASS.—Barton Ricketson, Jr., Treasurer of the Five-cent Savings Bank, has been asked to resign, discrepancies amounting to \$1,500 having been found in his accounts. He has held his office since 1861.

COLUMBIA, PA.—Col. Samuel Shoch, who died on the 24th of May, was the oldest bank president in the United States. He was born in Harrisburg on the 28th of May, 1797. In 1839 he removed to Columbia, having been elected a cashier of the Columbia Bank and Bridge Company, afterward the Columbia Bank. In 1865 the bank accepted the National Bank law, and became the Columbia National Bank. He maintained official relations with the corporation, first as cashier and later as president (to which position he was elected in December, 1878,) during a period of forty-six years, the events of which are of the greatest interest to that institution. Colonel Shoch also took an active interest in local enterprises, and was at one and the same time president of the Columbia Gas and Water Companies, the old Columbia Public Ground Company, the Marietta, Chestnut Hill and Washington Turnpike Companies. He was also treasurer of the Reading & Columbia Railroad Company, but resigned in 1862, previous to going abroad on a continental tour. He was for ten years president of the school board of Columbia, during which period a spacious edifice devoted to the interest of the public schools was erected. He served a term as director of the poor in Lancaster County, two terms as county auditor, was a trustee of the Millersville Normal School, and director of the Wrightsville, York & Gettysburg Railroad.

IOWA.—The third annual meeting of the State Bankers' Association will be held on the 11th, 12th and 13th of June.

J. RUSSELL PARSONS, Esq., Attorney for the Walter A. Wood Mowing and Reaping Machine Co., and one of the directors of the First National Bank of Hoosick Falls, N. Y., who has been visiting his brother at Waterville, a town of 1,300 inhabitants situated in the Cannon Valley, the most fertile portion of Southern Minnesota, informs us that there is an excellent opening there for a banker of moderate capital. Mr. Parsons, who resides at Hoosick Falls, would be pleased to afford any information that might be desired in reference to the locality.

CASHIER NELSON, of the Seaboard National Bank, is making an extended visit through the country. We have heard of him in different cities of the West; would kindly recommend him to our friends. He should have notified us before starting, that we might have said (if necessary) a good word for him in advance.

ST. LOUIS, MO.—Among the strong banks in St. Louis is the Merchants National Bank, with a capital of \$700,000 and a surplus of \$140,000. It was organized as the Merchants Bank in 1857, and was converted into a national bank eight years afterward. Its directory is composed of substantial men, and the institution is a credit to the city.

BROOKLYN, N. Y.—Another new bank is forming to do business in South Brooklyn, which will be called the Hamilton Avenue Bank. It is probable that Mr. Titus Mead, a gentleman long and favorably known in Wall street, will be president, and that Mr. Edward S. Clark, now with the American Exchange

National Bank, will be cashier of the new institution. These questions, however, remain to be definitely determined at a meeting to be held soon—probably on Saturday of this week. Among the stockholders of the new bank are Messrs. Titus Mead, J. C. Woodhull, A. A. Low, E. D. White, James Kane, H. W. Maxwell, W. H. Ziegler, I. H. Cary, W. C. Sanger, R. S. Hobbs, P. H. Gill, H. K. Sheldon, F. H. Marston, William Dick, Henry Offerman, Donald McNeal, Henry Franke, Robert Cowley and S. H. Milliken. The capital stock is to be \$100,000, with a surplus of \$25,000.

MILWAUKEE, WIS.—The Wisconsin Marine and Fire Insurance Company Bank have issued a very tasteful monograph of its history for fifty years, which were completed on the 7th of May. From this the following interesting facts are taken. The charter of the company passed by the Territorial Legislature of Wisconsin authorized it to do an insurance business, receive deposits, issue certificates and lend money; but, at the same time, it provided that the company should not do a banking business. George Smith was president, and Alexander Mitchell was secretary, and their certificates of deposit, which looked like bank notes, circulated freely from the Missouri River to Detroit, and as far south as Cincinnati; and although the amount at one time reached \$1,470,235, with no security save the business integrity of Mr. Smith and Mr. Mitchell, every dollar presented was promptly redeemed in coin. The circulation of the "Wisconsin Marine" was first issued in 1840, and fluctuated as follows:

March 1840.....	\$41,841	March 1848.....	\$372,453
" 1842.....	115,673	" 1849.....	592,015
" 1845.....	76,786	" 1851.....	1,027,793
" 1846.....	121,247	" 1852.....	1,044,934
" 1847.....	241,629	Dec. 1852.....	1,470,235

Although unsecured, every dollar presented has been redeemed in gold. In 1853 the company organized under the banking law of Wisconsin, with Mr. Mitchell as president and Mr. David Ferguson as cashier, and continues to this day as a State Bank, with a capital of \$500,000, the largest capital allowed to a bank under the Constitution of the State of Wisconsin. The fact that Mr. Mitchell did not live to see this anniversary casts a shadow over it. He died in New York on the afternoon of April 19, 1886, and his only son, Mr. John L. Mitchell, was elected to take his place. Mr. Smith still survives. Mr. David Ferguson, vice-president, has been connected with the bank for 49 years; Mr. John Johnston, cashier, for 33 years; and Mr. Robert L. Jennings assistant cashier for 25 years; while Messrs. Caspar and Hoff, accountants, have been respectively 26 and 15 years, and Mr. Bollow first teller 22 years. The following is a copy of the last report of the bank made to the State Treasurer in conformity with the banking laws of the State of Wisconsin.

RESOURCES.

Loans and Discounts.....	\$3,637,754	24
Overdrafts.....	8,201	01
Bonds and Stocks.....	849,931	71
Specie.....	127,353	50
Checks on City Banks.....	157,081	42
Currency.....	178,037	00
Due from other Banks.....	1,056,753	77

\$6,015,112 65

LIABILITIES.

Capital.....	\$ 500,000	00
Due depositors on demand.....	5,148,581	85
Due to others.....	366,530	80

\$6,015,112 65

NEW YORK CITY.—The managers of the Mechanics' National Bank, at 33 Wall street, are tearing down their old building, and will rebuild for themselves, the new structure to be ready for occupation by April, 1890. Granite and Indiana stone will be used in its construction. It will be nine stories high, and the bank will occupy the entire first floor.

AMERICAN BANKERS' ASSOCIATION.—Mr. D. V. Rieger, cashier of the American National Bank at Kansas City, and vice-president for Missouri of the American

Bankers' Association, is commendably anxious to have this year's meeting of the association at Kansas City, and to this end has issued the following circular: "At the last convention of the American Bankers' Association, held in Cincinnati, our city invited the association to hold its next convention here, and since that time we have received a number of letters from different parts of the country asking us to urge our claim, as a great many members of the association would like to take advantage of the opportunity to visit this section of the great West. Our Clearing House Association, Board of Trade, Commercial Club, and other leading organizations of our city, have passed resolutions instructing me, as vice-president of the association for Missouri, to take the necessary steps to have the next convention held in this city, and I would ask that you aid me in the matter by signing the inclosed request and forwarding the same to William B. Greene, secretary of the association. If Kansas City has this convention next fall, I am authorized to say that neither time nor money will be spared in making it the most successful and enjoyable one ever held by the association. We have the facilities, and shall use every endeavor to entertain the members with true western hospitality. Special rates over the different railroads throughout the country will be secured, and we shall do everything that can be done to add to the pleasure of our visitors."

Our usual quotations for stocks and bonds will be found elsewhere. The rates for money have been as follows:

QUOTATIONS:		May 6.	May 13.	May 20.	May 27.
Discounts.....	4% @ 5% ..	4% @ 5% ..	4% @ 5% ..	4% @ 5% ..	4 @ 5% ..
Call Loans.....	3 @ 2 ..	3% @ 1% ..	2% @ 1% ..	4 @ 2 ..	4 @ 2 ..
Treasury balances, coin.....		\$153,250,223 ..	\$153,351,380 ..	\$153,453,016 ..	\$153,733,664 ..
Do. do. currency.....		16,298,361 ..	16,364,413 ..	16,684,105 ..	17,265,669 ..

The reports of the New York Clearing-house returns compare as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May 4.....	\$417,840,000 ..	\$83,218,700 ..	\$36,429,000 ..	\$440,500,500 ..	\$4,117,700 ..	\$9,522,575 ..
" 11.....	416,930,500 ..	80,013,800 ..	39,104,100 ..	441,069,300 ..	4,024,200 ..	8,890,275 ..
" 18.....	413,285,000 ..	83,483,100 ..	41,581,500 ..	443,929,100 ..	4,014,500 ..	14,082,325 ..
" 25.....	412,472,700 ..	82,196,100 ..	43,465,700 ..	442,425,800 ..	4,003,900 ..	15,055,350 ..
June 1..	411,757,800 ..	80,403,600 ..	44,887,800 ..	442,743,000 ..	3,979,700 ..	14,605,650 ..

The Boston bank statement is as follows:

1889.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 4.....	\$152,384,600 ..	\$10,687,000 ..	\$3,960,600 ..	\$138,299,600 ..	\$2,340,600 ..
" 11.....	152,945,500 ..	11,308,500 ..	4,428,100 ..	140,379,300 ..	2,524,100 ..
" 18.....	152,680,700 ..	11,596,500 ..	4,343,300 ..	140,352,300 ..	2,561,800 ..
" 25.....	153,114,500 ..	11,239,100 ..	4,471,400 ..	141,195,500 ..	2,541,900 ..

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1889.	Loans.	Reserves.	Deposits.	Circulation.
May 4.....	\$96,217,000 ..	\$28,047,000 ..	\$98,164,000 ..	\$2,319,000 ..
" 11.....	96,235,000 ..	28,838,000 ..	99,551,000 ..	2,093,000 ..
" 18.....	96,233,000 ..	28,550,000 ..	99,620,000 ..	2,093,000 ..
" 25.....	96,466,000 ..	29,205,000 ..	100,123,000 ..	2,093,000 ..

DEATHS.

CASE.—On May 24, aged eighty-two years, HORATIO N. CASE, President of Pynchon National Bank, Springfield, Mass.

EVANS.—On May 3, aged thirty-four years, F. S. EVANS, Cashier of Second National Bank, Bel Air, Md.

FULLER.—On May 15, aged sixty-eight years, JOS. W. FULLER, President of United National Bank, Troy, N. Y.

VERMILYE.—On May 16, aged sixty-six years, JOHN H. VERMILYE, President of National Exchange Bank, Lockport, N. Y.

WELCH.—On May 28, aged seventy-six years, HARMANUS M. Welch, President of First National Bank, New Haven, Conn.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 876.)

	Bank and Place.	Elected.	In place of.
N. Y. C.	German Exchange Bank	Chas. L. Adrian, <i>Cas.</i>	A. Fahs.
"	N. Y. Co. Nat. Bank	Wm. H. Jennison, <i>Cas.</i>	Geo. H. Wyckoff.
ALA.	Exchange Bank, Decatur	J. K. Hedges, <i>Ass't Cas.</i>	Geo. S. Gainea.
CAL.	Fresno Nat. Bank, Fresno	J. B. Smith, <i>Cas.</i>	Geo. H. Andruss.
"	Bank of Los Gatos, Los Gatos	John W. Lyndon, <i>P.</i>	Sam'l Templeton.
"	First National Bank, San Luis Obispo.	Wm. L. Beebee, <i>V. P.</i>	B. Sinsheimer.
"	Bank of Willows, Willows	Morris Goldtree, <i>Cas.</i>	Isaac Goldtree.
"	"	W. P. Harrington, <i>P.</i>	N. D. Rideout.
"	"	B. H. Burton, <i>Cas.</i>	W. C. Murdock.
"	"	P. H. Green, <i>Ass't Cas.</i>	
COL.	Columbia Banking Co., Claremont.	Jesse L. Root, <i>V. P.</i>	
"	Colorado Savings Bank, Denver	E. E. Zimmerman, <i>Cas.</i>	Jesse L. Root.
"	American Nat. Bank, Leadville	C. O. Atkins, <i>Cas.</i>	W. J. Wildman.
"	"	T. H. Lee, <i>Ass't Cas.</i>	
CONN.	Thames National Bank, Norwich.	E. N. Gibbs, <i>V. P.</i>	
"	"	S. B. Meech, <i>Cas.</i>	E. N. Gibbs.
"	"	Chas. W. Gale, <i>Ass't C.</i>	
DAK.	Aberdeen National Bank, Aberdeen.	J. Q. A. Braden, <i>V. P.</i>	
"	"	J. W. McChesney, <i>A. C.</i>	
"	Capital Nat. Bank, Bismarck	F. D. Hendrick, <i>V. P.</i>	E. H. Bly.
"	Minnehaha N. B., Sioux Falls	W. L. Baker, <i>Cas.</i>	
"	Merchants Bank, Watertown	Walter Wilson, <i>Cas.</i>	C. E. Boyden.
ILL.	Fort Dearborn N. B., Chicago	John A. King, <i>P.</i>	H. N. Hibbard.
IND.	First Nat. Bank, Terre Haute	B. McCormick, <i>Cas.</i>	A. Rosenberg.
"	State B. of Jenning Co., Vernon	John S. Morris, <i>Cas.</i>	Jas. W. Hill.
IOWA	Iowa National Bank, Davenport.	A. P. Doe, <i>V. P.</i>	
"	"	D. H. Vieths, <i>Cas.</i>	A. P. Doe.
KAN.	First Nat. Bank, Caldwell	E. F. Neal, <i>Ass't Cas.</i>	S. S. Richmond.
"	Citizens State B., Conway Springs	John S. Lemon, <i>P.</i>	Geo. W. Fahs.
"	First Nat. B., Junction City	G. W. McKnight, <i>P.</i>	Wm. B. Clarke.
"	First National Bank, Leavenworth.	E. N. Morrill, <i>P.</i>	Lucien Scott.
"	"	J. W. Fogler, <i>V. P.</i>	E. N. Morrill.
"	Cottonwood Val. N. B., Marion	Isaac Good, <i>V. P.</i>	
"	"	Jay J. Smyth, <i>P.</i>	Chas. C. Woods.
"	First National Bank, Stockton.	John G. Smith, <i>V. P.</i>	Jay J. Smyth.
"	"	Chas. C. Woods, <i>Cas.</i>	H. C. Reins.
"	"	F. W. Burlin, <i>Ass't Cas.</i>	
"	Savings B. of Wichita, Wichita	C. E. Curtis, <i>Cas.</i>	Robt. M. Piatt.
KY.	Bank of Ky., Louisville	D. W. Gray, <i>Ass't Cas.</i>	
"	First Nat. Bank, London	R. M. Jackson, <i>V. P.</i>	
MD.	Howard Bank, Baltimore	Thos. P. Amoss, <i>Cas.</i>	Thos. S. Ridgaway.
"	Second Nat. Bank, Bel Air	Walter Finney, <i>Cas.</i>	F. S. Evans.
MASS.	Essex Nat. Bank, Haverhill	W. S. Jewett, <i>P.</i>	Jno. C. Tilton.
"	Adams Nat. B., North Adams	A. C. Houghton, <i>V. P.</i>	W. H. Whitman.
MICH.	N. B. of Battle Creek, Battle Creek	Chas. Austin, <i>V. P.</i>	C. Wakelee.
"	First Nat. Bank, Charlotte	F. S. Belcher, <i>P.</i>	Edward S. Lacey.
ME.	Penobscot Saving B., Bangor	D. D. Clark, <i>Treas.</i>	
MINN.	Mylius Bros. & Co., Adrian	H. G. Mansel, <i>Cas.</i>	F. R. Robinson.
"	Garland Banking Co., Minn.	D. R. Miller, <i>Cas.</i>	B. W. Taylor.
MO.	B. of Mo., Burlington Junction	F. M. Compton, <i>Cas.</i>	F. M. Martin.
"	Exchange Bank, Jefferson City	H. Clay Ewing, <i>P.</i>	J. L. Smith.
"	Grundy Co. Nat. B., Trenton	W. H. Shanklin, <i>A. Cas.</i>	D. W. Coon.
NEB.	Harbine Bank, Fairbury	Geo. W. Hansen, <i>P.</i>	Thos. Harbine.
"	Citizens Nat. Bank, Grand Island.	Geo. A. Mohrenstecher, <i>C.</i>	D. H. Vieths.
"	"	Wm. M. Geddes, <i>Ass't C.</i>	G. A. Mohrenstecher.
"	First Nat. Bank, Indianola.	J. W. Dolan, <i>P.</i>	
"	"	J. E. Seeley, <i>V. P.</i>	
"	Bank of Octavia, Octavia.	Jno. J. Lamborn, <i>Cas.</i>	
"	"	H. J. Allen, <i>P.</i>	J. B. Morgan.
"	"	G. C. Colebank, <i>Cas.</i>	Frank R. Coon.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of.</i>
NEB....	Sarpy Co. State B. Springfield..	James Davidson, <i>P.</i>	David Dean.
N. J....	Hudson Co. N. B., Jersey City.	J. W. Hardenbergh, <i>Ass't C.</i>.....	.....
N. Y....	Nassau Nat. Bank, Brooklyn..	Edgar McDonald, <i>A. C.</i>.....	.....
" ..	Bank of Commerce, Buffalo.	E. W. Hayes, <i>and V. P.</i>.....	.....
" ..	Farmers Nat. Bank, Hudson..	M. F. Warren, <i>Cas.</i>	E. W. Hayes.
" ..	Little Falls Nat. Bank, Little Falls.	F. F. Folger, <i>V. P.</i>	Allen Rossman.
" ..	Iron Nat. Bank, Plattsburgh..	J. D. Feeter, <i>Cas.</i>	A. A. Bradley.
OHIO...	Farm. & Merch. Banking Co., Arcanum.	L. O. Bucklin, <i>Ass't Cas.</i>	J. D. Feeter.
" ..	Fifth Nat. Bank, Cincinnati..	A. L. Inman, <i>V. P.</i>.....	.....
" ..	Market National Bank, Cincinnati.	A. F. Smith, <i>V. P.</i>	Daniel Francis.
" ..	Marion Co. Bank, Marion.	J. W. Mays, <i>Cas.</i>	E. M. Tansey.
PENN...	Miners & Mech. S. B., Carbondale.	C. A. Hinsch, <i>Cas.</i>	Sam'l W. Ramp.
" ..	First National Bank, Conneautville.	Chas. Fleischman, <i>P.</i>	Edwin Stevens.
" ..	First National Bank, Conshohocken.	Sam'l W. Ramp, <i>Cas.</i>	J. G. Brotherton.
" ..	Du Bois Dep. Bank, Du Bois.	Henry True, <i>Cas.</i>	R. H. Johnson.
" ..	East Stroudsburg Nat. Bank, East Stroudsburg.	Alfred Pascoe, <i>P.</i>	John Jermyn.
" ..	Honesdale Nat. B., Honesdale.	A. P. Foster, <i>P.</i>	J. C. Sturtevant.
" ..	Kane Bank, Kane.....	E. L. Litchfield, <i>V. P.</i>	A. P. Foster.
" ..	First Nat. Bank, Latrobe.....	J. C. Sturtevant, <i>Cas.</i>	F. R. Nichols.
" ..	First Nat. Bank, Mt. Joy.....	Evan D. Jones, <i>P.</i>	Evan D. Jones.
" ..	First Nat. Bank, Newville.....	Lewis A. Lukens, <i>V. P.</i>	Evan D. Jones.
" ..	Second Nat. Bank, Titusville..	R. H. Moore, <i>P.</i>	John McCreight.
S. C....	Bank of Charleston N. B. A., Charleston.	L. Westbrook, <i>V. P.</i>.....	.....
TEXAS..	Dayton City Bank, Dayton.	L. H. Nicholas, <i>Cas.</i>	Wm. Burrows.
" ..	Nat. B. of Franklin, Franklin..	John Torrey, <i>P.</i>	C. F. Young.*
" ..	Third National Bank, Knoxville.	W. P. Weston, <i>Cas.</i>	E. Davis.
" ..	German Bank, Memphis.....	I. L. Chambers, <i>V. P.</i>	D. L. Chambers.
" ..	Memphis City Bank, Memphis.	M. M. Brubaker, <i>Ass't C.</i>.....	.....
" ..	Rogersville Nat. Bank, Rogersville.	Lawrence H. Randall, <i>V. P.</i>	Jno. Waggoner.
" ..	Waverly Bank & Trust Co., Waverly.	W. O. De Long, <i>A. Cas.</i>	C. F. Lake.
TEXAS..	Island City Savings Bank, Galveston.	E. H. Pringle, <i>V. P.</i>.....	.....
" ..	National Bank of Texas, Galveston.	M. W. Wilson, <i>Cas.</i>	E. H. Pringle.
" ..	First Nat. Bank, Granville.....	Jas. A. Tulloss, <i>P.</i>	V. C. Allen.
VT....	First National Bank, Poultney.	V. C. Allen, <i>V. P.</i>.....	.....
VA....	Augusta Nat. Bank, Staunton..	W. B. Allen, <i>Cas.</i>.....	.....
WASH..	Tacoma National Bank, Tacoma.	E. E. Green, <i>Ass't Cas.</i>.....	.....
WIS....	Price Co. Bank, Fifield.....	R. N. Wood, <i>P.</i>	Wm. P. Armstrong.
" ..	Citizens Nat. Bank, Green Bay.	H. B. Branner, <i>Cas.</i>	F. W. Armstrong.
Wyo...	Laramie Nat. B., Laramie City.	F. W. Armstrong, <i>A. C.</i>.....	.....
		J. M. Peters, <i>Cas.</i>	Ed. Goldsmith.*
		R. D. Frayser, <i>P.</i>	John K. Speed.
		R. J. Black, <i>V. P.</i>	R. D. Frayser.
		W. D. Kenner, <i>V. P.</i>.....	.....
		James Cooper, <i>Cas.</i>	W. D. Kenner.
		Jas. N. Nolan, <i>P.</i>	Dorsey Cowen.
		R. T. Shannon, <i>V. P.</i>	Jas. N. Nolan.
		N. Weekes, <i>P.</i>	A. Weis.
		Ed. McCarthy, <i>Cas.</i>	N. Weekes.
		J. E. Wallis, <i>P.</i>	W. L. Moody.
		W. L. Moody, Jr., <i>V. P.</i>	J. E. Wallis.
		A. J. Walker, <i>Cas.</i>	W. L. Moody, Jr.
		A. L. Williams, <i>Act'g C.</i>.....	.....
		Henry Ruggles, <i>Cas.</i>	M. D. Cole.
		A. H. Varney, <i>A. Cas.</i>.....	.....
		Davis A. Kayser, <i>P.</i>	Hugh W. Sheffey.
		W. B. Blackwell, <i>P.</i>	J. W. Sprague.
		Edmund Rice, Jr., <i>V. P.</i>	W. B. Blackwell.
		H. O. Fishback, <i>Ass't C.</i>.....	.....
		B. F. Leonard, <i>Cas.</i>	C. M. Gardner.
		M. F. Merrick, <i>P.</i>	John Paley.
		L. C. Hanks, <i>Cas.</i>	J. W. Donnellan.

* Deceased

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 873.)

<i>State. Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
N. Y. CITY.....	United States Sav. Bank. Constant A. Andrews, <i>P.</i> Chas. F. Cox, <i>1st V. P.</i> J. B. Bloomingdale, <i>ad V. P.</i>	..... Geo. A. Middlebrook, <i>Sec. & Treas</i>
CAL.... Modesto.....	Union Savings Bank..... \$10,000 Robt. McHenry, <i>P.</i> John E. Ward, <i>Cas.</i> W. B. Wood, <i>V. P.</i> Ora McHenry, <i>Ass't Cas.</i>	.....
COL.... Montrose.....	Bank of Montrose..... J. E. McClure, <i>P.</i> C. E. McConnell, <i>Cas.</i> R. C. Diehl, <i>V. P.</i>	.....
CONN... Waterbury.....	West Side Savings Bank. Geo. H. Cowell, <i>P.</i> Gordon B. Lawrence, <i>Treas.</i> J. R. Smith, <i>V. P.</i> M. Guilfoile, <i>Sec.</i> M. Hellman, <i>V. P.</i>	.....
DAK.... Cooperstown...	Farm. & Merch. Bank.... Mark Sutherland, <i>P.</i>	American Exchange Nat. Bank. Andrew Johnson, <i>Cas.</i> W. G. Lawrence, <i>Ass't Cas.</i>
" .. Steele.....	Citizens Bank..... (M. C. Goodsell.)	Corbin Banking Co.
IDAHO.. Pocatello.....	First National Bank.... \$50,000 James H. Bible, <i>P.</i> Geo. W. Hazen, <i>Cas.</i> Wm. E. Hawks, <i>V. P.</i>	Chase National Bank.
ILL.... Nat. St'k Yards. Stock Yard Bank.....	C. G. Knox, <i>P.</i> Geo. H. Bradford, <i>Cas.</i> S. W. Allerton, Jr., <i>V. P.</i>	Atlantic Trust Co.
" .. Pana	First National Bank.... \$50,000 Wm. L. Cohenour, <i>P.</i> Andrew P. West, <i>Cas.</i> Henry Funk, <i>V. P.</i> Thos. J. Vidles, <i>Ass't Cas.</i>	National Bank Republic.
IND.... Wolcott.....	Bank of Wolcott..... Robt. Parker, <i>P.</i> E. B. Dibell, <i>Cas.</i> E. J. Dibell, <i>Ass't Cas.</i>	Chase National Bank.
In. T... Guthrie....	Bank of Guthrie..... \$25,000 Rhodolph de Steigner, <i>F.</i> Louis de Steigner, Jr., <i>Cas.</i>	Hanover National Bank.
IOWA... Battle Creek...	Bank of Battle Creek.... \$25,000 Joe. L. Hosmer, <i>P.</i> Adam Bassett, <i>Cas.</i>	
" .. Cedar Rapids...	Security Savings Bank... \$50,000 G. F. Van Vechten, <i>P.</i> E. M. Scott, <i>Cas.</i> C. J. Ives, <i>V. P.</i> J. R. Armdon, <i>V. P.</i>	
" .. Kingsley.	Kingsley Bank..... Geo. H. Phelps, <i>P.</i> D. O. Oltman, <i>Cas.</i> Jno. B. Phelps, <i>Ass't Cas.</i>	
" .. Newell.....	Peoples Bank..... (Jesse J. Allee.)	Lorin Ellis, <i>Cas.</i>
" .. North English..	North English Sav. R.... \$18,000 Carlton P. Schell, <i>P.</i> Elliott D. Baird, <i>Cas.</i> J. W. Erwin, <i>V. P.</i>	Chase National Bank.
KAN ... Blue Rapids....	Blue Rapids City Bank.. \$11,000 Geo. Smith, <i>P.</i> Ira S. Taber, <i>Cas.</i>	Importers & Traders Nat. Bank.
" .. Garnett.....	Anderson Co. Nat. Bank. \$50,000 John Hall, <i>P.</i> J. H. Beatty, <i>Cas.</i> Chas. W. Wilson, <i>Ass't Cas.</i>	
" .. Kingman	Kingman Savings Bank. \$50,000 Henry C. Wilson, <i>P.</i> Chas. W. Wilson, <i>Cas.</i> Ira E. Hobson, <i>V. P.</i>	
" .. Lost Springs...	Bank of Lost Springs... \$25,000 Jos. L. Hosmer, <i>P.</i> Geo. G. Shirk, <i>Cas.</i> Wm. H. Dudley, <i>V. P.</i> E. M. Donaldson, <i>Sec.</i> Geo. H. Stearns, <i>Treas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
KAN....	Walnut.....	State Bank of Walnut... \$50,000 J. P. Morgan, <i>P.</i> J. A. Wood, <i>Cas.</i>	Chase National Bank.
LA.....	Baton Rouge..	Bank of Baton Rouge... \$50,000 Wm. J. Knox, <i>P.</i> Joseph Gebelin, <i>Cas.</i> O. B. Steele, <i>V. P.</i>	National Bank of Commerce.
MD. ...	Easton.....	Farm. & Merch. Nat. Bank. \$75,000 J. Frank Turner, <i>P.</i> Edward H. Roe, <i>Cas.</i>	
MASS...	Everett	Everett Savings Bank... Wilmot R. Evans, <i>P.</i> Samuel P. Cannell, <i>Treas.</i>	
MICH...	Manistique.	The Manistique Bank.... \$50,000 Wm. H. Hill, <i>P.</i> Fred W. McKinney, <i>Cas.</i> J. D. Merceran, <i>V. P.</i>	Chase National Bank.
" ..	Oscoda.....	Citizens State Bank..... Edward F. Loud, <i>P.</i> Robt. S. Dodds, <i>Cas.</i> D. D. Thorp, <i>V. P.</i> Jos. H. Hanford, <i>Ass't Cas.</i>	Importers & Traders Nat. Bank.
MINN..	Fosston.....	Bank of Fosston..... \$10,000 John Cromb, <i>P.</i> Richard G. Tweeton, <i>Cas.</i>	Corbin Banking Co.
" ..	Little Falls..	First Nat. Bank..... \$50,000 Andrew D. Davidson, <i>P.</i> Alexander R. Davidson, <i>Cas.</i>	
MO.....	Vandalia.....	Vandalia Banking Asso. \$25,000 Aaron M. Pike, <i>P.</i> Chas. G. Daniels, <i>Cas.</i> Wm. S. Boyd, <i>V. P.</i> H. G. Davis, <i>Ass't Cas.</i>	Merchants National Bank.
" ..	Webb City....	Exchange Bank..... \$20,000 Jos. C. Stewart, <i>P.</i> Madison L. Sears, <i>Cas.</i> Wm. J. Hallock, <i>V. P.</i>	United States National Bank.
NEB....	Franklin.....	Security State Bank..... \$125,000 H. A. Pike, <i>P.</i> O. B. Thompson, <i>Cas.</i> Frank W. Barber, <i>V. P.</i> Jas. L. Thompson, <i>M'gr.</i>	American Exchange Nat Bank.
" ..	Holstein.....	Holstein Bank..... (W. S. McAuley.) W. S. McAuley, <i>Cas.</i>	Chase National Bank.
" ..	Kearney.....	Kearney Savings Bank.. \$12,000 Ross Gamble, <i>P.</i> Joe. L. Hennett, <i>Cas.</i> F. J. Switz, <i>V. P.</i> J. L. Parrotte, <i>Ass't Cas.</i>	
" ..	North Platte...	North Platte Nat. Bank.. \$75,000 A. D. Buckworth, <i>P.</i> J. E. Evans, <i>Cas.</i> C. F. Iddings, <i>V. P.</i>	
" ..	Ravenna.....	First National Bank..... \$50,000 O. M. Carter, <i>P.</i> F. E. Shaw, <i>Cas.</i>	
" ..	Shelton.....	First National Bank..... \$50,000 Geo. Meisner, <i>P.</i> Mark G. Lee, <i>Cas.</i>	
" ..	Wisner.....	First Nat. Bank..... \$50,000 A. R. Graham, <i>P.</i> H. D. Deily, <i>Cas.</i>	
N. H....	Colebrook.....	Colebrook Nat. Bank.... \$75,000 Geo. Van Dyke, <i>P.</i> Harry F. Bailey, <i>Cas.</i>	
N. Y...	Albany.....	South End Bank..... \$100,000 Jonathan R. Herrick, <i>P.</i> Chas. W. Hermans, <i>Cas.</i> Fred. F. Wheeler, <i>V. P.</i>	
" ..	Brooklyn.....	Hamilton Bank..... \$100,000 Titus Mead, <i>P.</i> Edward S. Clark, <i>Cas.</i> Henry Franke, <i>V. P.</i>	American Exchange Nat. Bank.
" ..	Clifton Springs.	Lawrence & Lockwood. Chase National Bank.	
OHIO...	Bowling Green.	First National Bank..... \$50,000 H. H. Clough, <i>P.</i>	
" ..	Oberlin.....	The Oberlin Bank Co.... \$50,000 Albert H. Johnson, <i>P.</i> F. L. Fuller, <i>Cas.</i> C. E. Berry, <i>V. P.</i>	Chase National Bank.
PENN...	Mifflintown ..	First Nat. Bank..... \$50,000 Jeremiah Lyons, <i>P.</i> D. S. Kloss, <i>Cas.</i> J. B. Wilson, <i>V. P.</i> Ezra C. Doty, <i>Ass't Cas.</i>	Chase National Bank.
TENN...	Chattanooga...	Chattanooga Sav. Bank.. \$50,000 Nelson E. Barker, <i>P.</i> Walter J. Wildman, <i>Cas.</i> S. R. Read, <i>V. P.</i> W. A. Sadd, <i>Ass't Cas.</i>	Chase National Bank.
" ..	Nashville.....	Capital City Bank..... \$215,000 S. A. Champion, <i>P.</i> P. P. Pickard, <i>Cas.</i> R. W. Miller, <i>Ass't Cas.</i>	National Park Bank.
TEXAS..	Cleburne.....	Nat. Bank of Cleburne.. \$75,000 S. E. Moss, <i>P.</i> Jno. W. Floore, <i>Cas.</i>	

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>Cashier and N. Y. Correspondent.</i>
TEXAS..	Dublin.....	First National Bank.....	
	\$50,000	H. A. Smith, P. A. A. Chapman, <i>Cas.</i>	
		F. C. Oldham, V. P. J. B. Herndon, <i>Ass't Cas.</i>	
" ..	Lockhart.....	First Nat. Bank.....	
	\$50,000	James G. Burleson, P. J. M. Jolley, <i>Cas.</i>	
VA....	Roanoke.....	Commercial Nat. Bank..	
	\$100,000	J. W. Coon, P. J. B. Levy, <i>Cas.</i>	
" ..	Roanoke.....	Nat. Exchange Bank....	
	\$100,000	T. T. Fishburne, P. Junius B. Fishburne, <i>Cas.</i>	
		Jos. T. Engleby, V. P.	
" ..	Suffolk.....	First National Bank.....	
	\$50,000	Thos. W. Smith, P. John F. Stewart, <i>Cas.</i>	
WASH.	Goldendale....	First Nat. Bank.....	
	\$50,000	J. G. Maddock, P. F. W. Patterson, <i>Cas.</i>	
" ..	Seattle.....	G. E. Miller & Co.....	Continental National Bank.
" ..	Spokane Falls..	Browne Nat. Bank.....	Chemical National Bank.
	\$100,000	J. J. Browne, P. Theo. Reed, <i>Cas.</i>	
		F. Heine, V. P. H. L. Chase, <i>Ass't Cas.</i>	
" ..	Spokane Falls..	Exchange National Bank.	
	\$100,000	Jacob Hoover, P. E. J. Dyer, <i>Cas.</i>	
W. VA..	Bramwell.....	Bank of Bramwell.....	
	\$25,000	J. H. Bramwell, P. Isaac T. Mann, <i>Cas.</i>	
Wis....	Cassville....	First Commercial Bank..	Chase National Bank.
	\$20,000	M. A. Creglow, F. Chas. Creglow, <i>Cas.</i>	
		Geo. Creglow. Sr., V. P. W. E. Beddow, <i>Ass't Cas.</i>	

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Monthly List, continued from May No., page 877.)

4023	First National Bank.....	James H. Bible,	Geo. W. Hazen,	\$50,000
	Pocatello, Idaho.			
4024	North Platte National Bank..	A. D. Buckworth,	J. E. Evans,	75,000
	North Platte, Neb.			
4025	Browne National Bank.....	J. J. Browne,	Theo. Reed,	100,000
	Spokane Falls, Wash.			
4026	Commercial National Bank....	J. W. Coon,	J. B. Levy,	100,000
	Roanoke, Va.			
4027	National Exchange Bank.....	T. T. Fishburne,	Junius B. Fishburne,	100,000
	Roanoke, Va. ..			
4028	Houston National Bank.....	Henry S. Fox,	L. L. Jester,	100,000
	Houston, Texas.			
4029	First National Bank.....	A. R. Graham,	H. D. Deily,	50,000
	Wisner, Neb.			
4030	First National Bank.....	James G. Burleson,	J. M. Jolley,	50,000
	Lockhart, Texas.			
4031	First National Bank.....	J. G. Maddock,	F. W. Patterson,	50,000
	Goldendale, Wash.			
4032	Anderson Co. National Bank..	John Hall,	J. H. Beatty,	50,000
	Garnett, Kan.			
4033	First National Bank.....	A. U. Thomas,	W. G. Curtis,	50,000
	Vernon, Texas.			
4034	First National Bank.....	Andrew D. Davidson,	Alex. R. Davidson,	50,000
	Little Falls, Minn.			
4035	National Bank of Cleburne..	S. E. Moss,	Jno. W. Floore,	75,000
	Cleburne, Texas.			
4036	Chanute National Bank.....	G. W. Johnston,	J. O. Johnston,	60,000
	Chanute, Kan.			
4037	Peoples National Bank.....	Albert G. Folsom,	Edmund Little,	50,000
	Laconia, N. H.			
4038	First National Bank.....	Wm. L. Cohenour,	Andrew P. West,	50,000
	Pana, Ill.			
4039	First National Bank.....	Jeremiah Lyons,	D. S. Kloss,	50,000
	Mifflintown, Pa.			
4040	First National Bank.....	Chas. M. Sheldon,	Albert M. Miner,	75,000
	Burlingame, Kan.			

4041	Colebrook National Bank.....	Geo. Van Dyke, Colebrook, N. H.	Harry F. Bailey,	\$75,000
4042	First National Bank.....	Geo. Meisner, Shelton, Neb.	Mark G. Lee,	50,000
4043	First National Bank.....	O. M. Carter, Ravenna, Neb.	F. E. Shaw,	50,000
4044	Exchange National Bank.....	Jacob Hoover, Spokane Falls, Wash.	E. J. Dyer,	100,000
4045	First National Bank.....	H. H. Clough, Bowling Green, O.		50,000
4046	Farmers & Merch. Nat. Bank..	J. Frank Turner, Easton, Md.	Edward H. Roe,	75,000
4047	First National Bank.....	Thos. W. Smith, Suffolk, Va.	John F. Stewart,	50,000

CHANGES, DISSOLUTIONS, ETC.

(Continued from May No., page 879.)

- N. Y. CITY..... August Belmont & Co. is now located at 23 Nassau Street.
 " .. Corbin Banking Co. now at 192 Broadway and 11 John Street.
 " .. Ladenburg, Thalmann & Co. now at 46 Wall Street.
 " .. Market and Fulton Nat. Bank now at 81 and 83 Fulton St.
- COL. .. Montrose..... Uncompahgra Valley Bank (McConnell & McClure) now the Bank of Montrose.
- CONN... Middletown.... Dime Savings Bank now Peoples Savings Bank.
- DAK.... Cooperstown... Lawrence Bros. succeeded by Farmers and Merchants Bank.
- ILL.... Nat. Stk. Yards. Stock Yard Bank (Isaac H. Knox), succeeded by Stock Yard Bank, incorporated.
- IND.... Wolcott..... Dibell Bros. have been succeeded by the Bank of Wolcott.
- IOWA... Battle Creek.... A. Bassett succeeded by the Bank of Battle Creek.
 " .. Des Moines.... Merchants National Bank has gone into voluntary liquidation.
 " .. Kingsley..... Kingsley Bank (John A. Keeren & Co.) has been incorporated.
 " .. Tampa..... Bank of Tampa, reported assigned.
- KAN.... Cimarron..... First National Bank has gone into voluntary liquidation.
 " .. Lost Springs... Union Banking Co. has been succeeded by the Bank of Lost Springs.
- MICH... Manistique..... J. F. Carey & Co. has been succeeded by The Manistique Bank.
- MINN... Little Falls Bank of Little Falls now First National Bank, same officers.
- MO.... Vandalia..... Daniel's Bank has been succeeded by the Vandalia Banking Co., same correspondents.
- NEB.... Holstein..... Bank of Holstein now Holstein Bank, W. S. McAuley, proprietors, same correspondents.
 " .. Lawrence..... Bank of Lawrence now State Bank of Lawrence.
 " .. North Loup.... Loup Valley Bank has been incorporated, same officers and correspondents.
 " .. Wisner..... Wisner Bank (McNish & Graham) now the First National Bank.
- N. Y... Clifton Springs. Van Vranken & Co. has been succeeded by Lawrence & Lockwood.
- N. C.... Murfreesboro... Bank of Murfreesboro (Ward & Co.), reported assigned.
- PENN... Mifflintown.... Parker & Co. has been succeeded by First National Bank.
 " .. Scranton..... Scranton City Bank, reported closed.
- TEXAS.. Beaumont..... V. Wiess has been succeeded by First National Bank.
 " .. San Antonio... Traders National Bank has gone into voluntary liquidation.

FLUCTUATIONS OF THE NEW YORK STOCK EXCHANGE, MAY, 1889.

Opening, Highest, Lowest and Closing Prices
of Stocks and Bonds in May.

GOVERNMENTS.	Interest Periods.	Open- ing.	High- est.	Low- est.	Clos- ing.
4½, 1891, reg.	Mar.	108½	108½	106½	106½
4½, 1891, comp.	Mar.	108½	108½	106½	106½
4½, 1891, reg.	Jan.	129½	129½	129½	129½
4½, 1891, comp.	Jan.	129½	129½	129½	129½
6, cur'cy, 1895 reg.	Feb.	121	121½	121	121½
6, cur'cy, 1896 reg.	Jan.	124	124½	124	124½
6, cur'cy, 1897 reg.	Jan.	127½	128	127	128
6, cur'cy, 1898 reg.	July.	129½	131	129	131
6, cur'cy, 1899, reg.	July.	132	133	132	133

RAILROAD STOCKS.

	Open- ing.	High- est.	Low- est.	Clos- ing.
Atlantic & Pacific.	7½	8½	6½	7½
Buff. R. & Pits.	54	55½	53½	55½
Canada Pacific.	53	56	52	56
Central of N. J.	96½	102½	95½	101
Central Pacific.	36½	36½	35½	36
Ches. & Ohio.	17½	21½	17½	21½
Do	59½	64½	58	62½
Chic. & Alton.	137	137	136	137
Chic. B. & Q.	97½	104½	94½	102½
Chic. M. & St. P.	66	75	65	74½
Chic. N. W.	107½	113½	105½	115½
Chic. R. I. & P.	143	143	138½	143
Chic. St. L. & P.	94½	101½	93½	99½
Chic. St. P. M. & O.	33½	37	33	35½
C. C. & I.	94½	100½	92	99½
Col. Coal & Iron.	68½	71½	68	70

RAILROAD STOCKS.

	Open- ing.	High- est.	Low- est.	Clos- ing.
Col., H. Valley & Tol.	19½	10½	16	16½
Del. & Hudson.	137½	140½	136	140½
Del., Lack. & W.	144½	144½	143½	143½
Den. & Rio Grande.	17½	17½	17	17½
East Tenn. V. & G.	48	48½	46	46
Do	9½	10½	9½	10½
Do	—	75	70	75
Do	—	25	22½	25
Do	—	11½	8	11½
Houston & Texas C.	114	114	114	114
Illinois Central.	18½	20	18½	19½
Indiana, Bloom. & Western.	59½	62	58½	61½
Lake Erie and Western.	103½	106½	102½	106½
Do	—	94½	93½	94½
Lake Shore.	69½	70½	67½	70½
Long Island.	98½	102½	97½	102½
Louisville and Nashville.	16	14	14	14
Louisville, N. Alb. & Chic.	90	97	90	97
Manhattan Consol.	—	68	65	68
Marq. H. & O.	—	87	87	87
Do	—	92	92	92
Memphis & Charleston.	85½	94½	85½	94½
Michigan Central.	112½	117½	112½	117½
Mil., L. S. & W.	—	5½	5½	5½
Do	—	12	11	12
Minn. & St. Louis.	—	12½	11½	12½
Do	—	71½	71½	71½
Mo., Kan. & Texas.	12½	12½	12½	12½
Missouri Pacific.	95	97	94½	97
Nash., C. & St. L.	107½	108½	106½	108½
N. Y. C. & Hudson.	—	17½	16½	17½
N. Y. C. & St. L.	—	70½	70	70½
Do	—	29	29½	29½
N. Y. L. E. & W.	71½	71½	68½	71½
Do	—	43½	43½	43½
N. Y. & New Eng.	17	18	16½	17
N. Y. Ont. & W.	—	9½	9½	9½
N. Y., Sus. & W.	—	35	31½	35
Do	—	—	—	—

MISCELLANEOUS.

	Open- ing.	High- est.	Low- est.	Clos- ing.
Norfolk & Western.	—	16½	16	16½
Do	—	51½	51½	51½
Northern Pacific	—	30½	25½	30½
Do	—	67	60½	67
Ohio & Mississippi	—	23½	22	22½
Do	—	14	13	14
Ohio Southern	—	50	49½	49½
Oregon Impt.	—	89½	86½	89½
Oregon R. & N.	—	45½	40½	45½
Oregon Short Line.	—	33½	32½	33½
Oregon & Trans-Con.	—	37	35	37
Pacific Mail	—	24½	23½	24½
Peoria, Decatur & Evansville	—	45½	43½	47½
Philadelphia & Reading	—	194½	185½	194½
Pullman Palace Car Co.	—	27	25	26½
Rich. & W. P. Term.	—	102	100	102
Rome, W. & Ogd.	—	—	—	—
St. Louis, A. & T. H.	—	—	—	—
Do	—	95	95	95
St. Louis & San Francisco.	—	20½	22½	20½
Do	—	61½	59	60½
Do	—	112	111½	112
St. Paul & Duluth.	—	31½	30	31½
Do	—	86	82	86
St. Paul, M. & M.	—	102½	104½	101
Southern Pacific Co.	—	32	31	31½
Tenn. Coal & Iron.	—	40½	37	37½
Texas & Pacific.	—	21½	20½	21½
Union Pacific.	—	60½	59½	60½
Virginia Midland.	—	33	33	33
Wabash, St. Louis & Pacific.	—	15	16½	16
Do	—	38½	30	38½
MISCELLANEOUS—	—	—	—	—
Express—Adams.	—	151	148	148
American.	—	120	114	118
United States.	—	85	84	84
Wells-Fargo.	—	144	140	140
Western Union.	—	86½	85½	85½
Silver Bullion Cert.	—	—	—	—

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